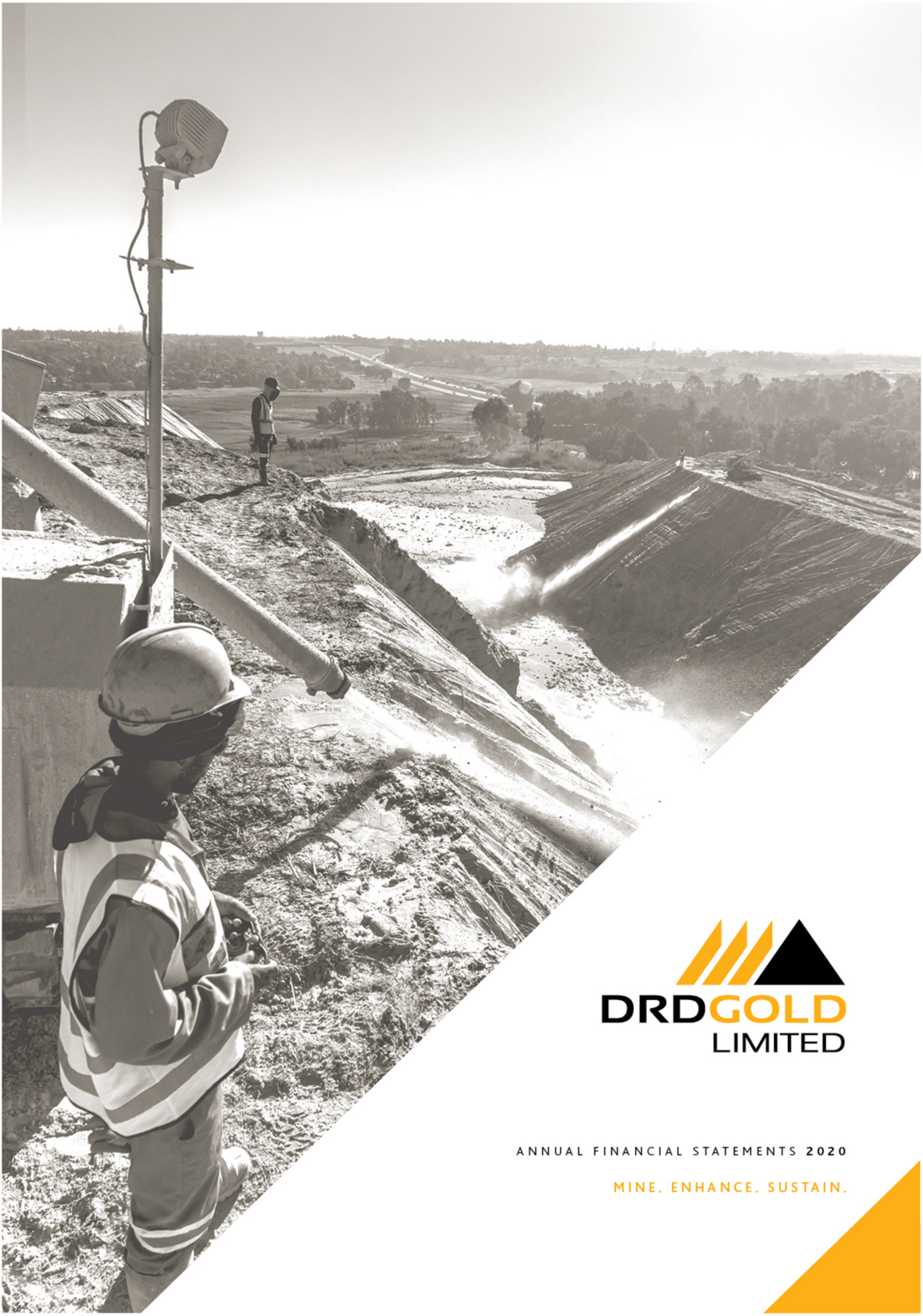

DRDGOLD LIMITED

ANNUAL FINANCIAL STATEMENTS **2020**

MINE. ENHANCE. SUSTAIN.

CONTENTS

ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS *continued*

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION

The preparation of the consolidated and company annual financial statements for the year ended 30 June 2020 were prepared under the supervision of the Group's Chief Financial Officer: Mr AJ Davel CA (SA). The financial statements have been audited in compliance with the applicable sections of the Companies Act of South Africa.

DIRECTORS' REPORT

The directors have pleasure in submitting this report and the consolidated financial statements of DRDGOLD Limited and its subsidiaries ("**DRDGOLD**" or the "**Company**" or the "**Group**") and the Company financial statements for the year ended 30 June 2020.

SIGNIFICANT EVENTS

Sibanye-Stillwater option

Pursuant to the acquisition by DRDGOLD of selected surface processing plants and tailings assets from Sibanye-Stillwater, on 8 January 2020, Sibanye-Stillwater exercised the option granted to it to subscribe for such number of new ordinary shares in the share capital of DRDGOLD ("Shares") for cash resulting in Sibanye-Stillwater holding in aggregate 50.1% of all Shares in issue (including treasury shares). Sibanye-Stillwater subscribed for 168,158,944 Shares ("Subscription Shares") at an aggregate subscription price of R1,086 million, on 22 January 2020. The Subscription Shares were allotted and issued at a price of R6.46 per Share, being a 10% discount to the 30-day volume weighted average traded price. The monies received from Sibanye-Stillwater as well as the cash flow generated during the year, has contributed to an increase in cash and cash equivalents from R279.5 million in FY2019 to R1.7 billion in FY2020.

Results of operating activities

Revenue for the Group has increased by 56% to R4.2 billion during the year. This year was the first year that Far West Gold Recoveries (FWGR) contributed 12 months of its full production to the results of the Group. This led to an increase in gold sold from 4 783kg in FY2019 to 5 437kg in FY2020. The Group also benefited from a substantial increased the gold price during the year. The average gold price received increased by 33% from R577 483/kg in FY2019 to R768 675/kg during the year. As a result profit before tax for the year increased from R105.1 million in FY2019 to R978.9 million in FY2020.

COVID-19 impacts

The Group temporarily halted its operations on 26 March 2020 pursuant to the announcement of the South African national lockdown.

The Disaster Management Act regulations issued by the Department of Co-operative Governance and Traditional Affairs define gold mining and refining as an essential service and therefore exempt from restrictions imposed by the lockdown.

Despite these regulations, DRDGOLD did not immediately recommence operations but considered various options to recommence limited operations to sustain infrastructure and soften the impact of the stoppage without exposing employees to unwarranted risk. A detailed process followed to go through various guidelines and a consultation process with the Department of Mineral Resources and organised labour to safeguard employees from increased risk of infection.

Due to its much smaller footprint, and employees living much closer to the operation, FWGR was able to recommence operations on 4 April and was able to ramp up production to virtually full production in May and June respectively.

ERGO recommenced operations on 9 April with limited sites and ramped up production to 98% in June. ERGO's Knights plant only recommenced on 7 May and ramped up production to virtually full production in June.

During the temporary suspensions, the Group continued to pay full salaries and benefits to all employees, while employees were on 'standby at home'. To the date of the issue of these annual financial statements, the Group has been able to contain the spread of the virus within its operations.

REVIEW OF OPERATIONS

The performance of our operations is reviewed in the financial performance section of the Integrated Report 2020.

DIRECTORATE

Election and appointment of non-executive directors

Mr T J Cumming and Ms C Flemming were appointed as non-executive director and independent non-executive director respectively with effect from 01 August 2020.

Rotation of directors

Mr D J Pretorius, Mr J A Holtzhausen, Ms T B V N Mnyango and Mr J J Nel will retire at the forthcoming annual general meeting in accordance with the provisions of the Company's Memorandum of Incorporation ("**MOI**"). Mr D J Pretorius, Mr J A Holtzhausen, Ms T B V N Mnyango and Mr J J Nel are eligible and have offered themselves for re-election.

Directors' interest in shares

None of the directors' immediate families and associates held any direct or indirect shareholding in the Company's issued share capital. No director held, acquired or disposed of any shares in the Company as at 30 June 2020 or between the reporting date and the date of the approval of the financial statements other than outlined below.

	2020	**2019**
	Beneficial direct	**Beneficial direct**
Executive directors		
D J Pretorius[1]	**500,255**	760,255
A J Davel	**200,000**	200,000
Non-executive directors		
G C Campbell[2]	**200,000**	200,000
	900,255	1,160,255

1 The decrease was due to shares disposed in the open market

2 Sold 100,000 shares subsequent to year end

COMPANY SECRETARY

Ms R Masemene resigned effective from 30 September 2019. Ms E Beukes was appointed effective from 1 October 2019.

SHAREHOLDERS

DRDGOLD has a primary listing on the JSE Limited (JSE) and a secondary listing on the New York Stock Exchange Limited (NYSE). The Company's shares are also traded on the Regulated Unofficial Market on the Frankfurt Stock Exchange and the Berlin and Stuttgart OTC markets.

Information on shareholder spread, the range of shareholdings and public shareholders, as well as major shareholders, is presented in the shareholders' information section in the consolidated annual financial statements.

DIVIDENDS

DRDGOLD's dividend policy is to return excess cash over and above the predetermined cash buffer to its shareholders. Dividends are proposed by the Audit and Risk Committee and approved by the board of directors of DRDGOLD based on the quarterly management accounts presented to the board.

A final dividend of 35 South African cents per share was declared on 01 September 2020 in respect of the year ended 30 June 2020. Details of the dividends declared by the company appear in note 21.2 to the consolidated annual financial statements.

BORROWING POWERS

In terms of Clause 32 of the Company's MOI, the borrowing powers of the Company are unlimited and at the discretion of the directors.

The Group is subject to financial and other covenants and restrictions under its credit facilities from time to time. Such covenants may include restrictions on the Company incurring additional borrowings to maintain certain financial covenant ratios for as long as any amount is outstanding under such facilities.

As at 30 June 2020, the borrowings of the Company were Rnil (2019: Rnil).

GOING CONCERN

The directors believe that the Group has adequate resources to continue as a going concern for the foreseeable future.

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL

The directors are responsible for the preparation and fair presentation of the consolidated and company annual financial statements of DRDGOLD Limited, comprising the statements of financial position at 30 June 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF CONSOLIDATED AND COMPANY ANNUAL FINANCIAL STATEMENTS

The consolidated and company annual financial statements of DRDGOLD Limited, as identified in the first paragraph, were approved by the board of directors on 29 October 2020 and signed by:

J A Holtzhausen
Chairman: Audit and Risk Committee
Authorised director

A J Davel
Chief Financial Officer
Authorised director

COMPANY SECRETARY'S STATEMENT

I certify, in accordance with Section 88(2)(e) of the Companies Act of South Africa, that to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission for the financial year ended 30 June 2020, all such returns as are required of a public company in terms of the Companies Act, and that all such returns appear to be true, correct and up to date.

E Beukes
Company Secretary
29 October 2020

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Chairman: EA Jeneker

Other members: DJ Pretorius and TVBN Mnyango

Purpose of the committee:

The committee is tasked with the day to day operational sustainability of the business, to ensure the Company conducts its business in an ethical, responsible and properly governed manner and to have oversight for reviewing and/or developing policies, governance structures and practices for sustainability.

Roles and responsibilities:

- Promote transformation within the Group and economic empowerment of previously disadvantaged communities, particularly within the areas where the Group conducts business;
- Strive towards achieving equality at all levels of the Group, as required by the South African Constitution and other legislation, taking into account the demographics of the country; and
- Conduct business in a manner that is conducive to the attainment of internationally acceptable environmental and sustainability standard.

Key activities include:

- To monitor the Group's activities with regard to the 10 principles set out in the United Nations Global Compact Principles and the Organisation for Economic Co-operation and Development recommendations regarding corruption, the Employment Equity Act 55 of 1998 and the Broad Based Black Economic Empowerment Act 53 of 2003;
- Records of sponsorship, donations and charitable giving;
- The environment, health and public safety, including the impact of the Group's activities and of its products or services;
- Labour and employment;
- Review and recommend the Group's Code of Conduct;
- Review and recommend any corporate citizenship policies; and
- Review significant cases of employee conflicts of interests, misconduct or fraud, or any other unethical activity by employees of the Group.

Evaluation

For the financial year under review, the Social and Ethics Committee members were all satisfied with the overall functioning of the committee.

REPORT OF THE AUDIT AND RISK COMMITTEE

The legal responsibilities of the Audit and Risk Committee ("the **Committee**") of the Group are set out in the Companies Act. These responsibilities, together with the JSE Listings Requirements and compliance with appropriate governance and international best practice, are incorporated in the Committee's charter.

The members of the committee responsible for audit related matters were formally appointed by the shareholders at the Annual General Meeting ("**AGM**") held on 02 December 2019.

The biographical details of the Committee's members are set out on page 69 of the 2020 Integrated Report and the members' fees are set out on page 86 of the same report.

DISCHARGE OF DUTIES FOR THE YEAR UNDER REVIEW

FINANCIAL STATEMENTS

The Committee has reviewed the Group's significant accounting matters which include:

- Valuation of IFRS 9 equity investments;
- Provision for Environmental Rehabilitation;
- Legal proceedings; and
- Taxation matters

The Committee also considered the key audit matters included in the external audit report on pages 11 to 16.

The Committee has reviewed the consolidated and separate annual financial statements, including the accounting policies, of the Group for the year ended 30 June 2020 and based on the information provided to the Committee, the Committee considers that the Group complies, in all material respects, with the requirements of the Companies Act, IFRS and the JSE Limited (JSE) Listings Requirements.

The Committee has recommended the financial statements to the board of directors ("**Board**") for approval. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming AGM.

CHIEF FINANCIAL OFFICER ("CFO") AND FINANCE FUNCTION

As required by paragraph 3.84(g)(i) of the JSE Listings Requirements, the Committee has satisfied itself that the CFO, AJ Davel, has the appropriate expertise and experience to fulfil the role and that he had performed appropriately during the year under review. The Committee is satisfied with the expertise and experience of the finance function and adequacy of its resources.

EXTERNAL AUDITORS

The Committee considered the matters set out in the Companies Act and the JSE Listings Requirements, and:

- has obtained and considered sufficient information from the external auditors, KPMG Inc, to perform an assessment for their re-appointment and the designated auditor Mr R Stoltz;
- is satisfied with the independence and objectivity of KPMG Inc and Mr R Stoltz and is satisfied with the quality of their service;
- has ensured that the re-appointment of KPMG Inc will be presented and included as a resolution at the next annual general meeting;
- has approved the external auditor's fees and terms of engagement for the year ended 30 June 2019 and budgeted fees and terms of engagement for the financial year ended 30 June 2020; and
- has approved the non-audit related services performed by the external auditors in accordance with the policy established and approved by the Board.

The external auditors have unrestricted access to the Committee, the Committee Chairman and the Chairman of the Board, ensuring they are able to maintain their independence.

INTERNAL AUDITORS

The internal audit function is performed in-house, with the assistance of Pro-Optima Audit Services Proprietary Limited. Internal audits performed are aimed at reviewing, evaluating and improving the effectiveness of risk management, internal controls and corporate governance processes.

The Committee considered the effectiveness of the internal audit function, confirmed the audit plan for the 2020 financial year and reviewed the results of the internal audits conducted during the 2020 financial year.

The internal auditors have unrestricted access to the Committee, the Committee Chairman and the Chairman of the Board, ensuring they are able to maintain their independence.

INTERNAL CONTROLS

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management assesses the internal controls surrounding the financial reporting process as at the end of each financial year.

Separate meetings are held with management and external and internal audit representatives to discuss any challenges and other matters that they wish to discuss. The head of internal audit and risk and the external auditors have unlimited access to the chairman of the Committee.

To the best of the Committee's knowledge, and based on the information and explanations given by management and the Group internal audit function, the Committee is satisfied that the internal financial control environment continued to function effectively.

COMBINED ASSURANCE AND RISK MANAGEMENT

We use a combined assurance model to provide us with assurance obtained from management and from internal and external assurance providers. The Group's financial, operating, compliance and risk management controls are assessed by internal audit, overseen by the Committee.

The Committee considered combined assurance in responding to significant risks and material matters through the company's operation, internal auditors, external auditors and other inspections.

The Committee is satisfied that an effective control environment exists for management decision making and external reporting.

SOLVENCY AND LIQUIDITY

The Committee is satisfied that the Board has adequately performed solvency and liquidity tests in terms of Section 46 of the Companies Act, as and when required during the year under review.

For the period under review, the Committee is satisfied that it has regulated its affairs in compliance with its mandate, and has discharged its duties and responsibilities in terms of the JSE Listings Requirements, the Companies Act and the King IV Report on Corporate Governance for South Africa, 2016.

J A Holtzhausen
Chairman: Audit and Risk Committee
29 October 2020

INDEPENDENT AUDITOR'S REPORT

To the shareholders of DRDGOLD Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of DRDGOLD Limited (the group and company) set out on pages 17 to 85, which comprise the consolidated and company statements of financial position at 30 June 2020, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and company financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of DRDGOLD Limited at 30 June 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the investment in Rand Refinery Proprietary Limited (applicable to the consolidated and separate financial statements)

Refer to note 25 of the consolidated financial statements and note 18 of the company financial statements

Key audit matter	How the matter was addressed in our audit
The group holds 11.3% and the company holds 10% equity investment in Rand Refinery Proprietary Limited ("**RR**") that is accounted for at fair value through other comprehensive income. The fair value was determined using principles of IFRS 13 Fair Value Measurement ("**IFRS 13**"). The fair value of the equity investment was determined using the income approach by assessing the discounted free cash flows ("**DCF**") of RR and the discounted dividends expected in respect of RR's joint venture – Prestige Bullion, with the assistance of an independent external valuation expert. Significant assumptions and estimates were used by management to determine the fair value of the equity investment in RR, which are inherently uncertain and could materially change over time. The IFRS 13 fair value determination of the equity investment in RR was considered a key audit matter in respect of both our audit of the consolidated and company financial statements due to the inherent complexity to determine the respective fair values, which include assumptions and estimates in relation to, inter alia, the future expected commodity prices, future exchange rates, inflation rate, weighted average cost of capital used in the DCF, production volumes, as well as the estimated future dividend expected to be received by RR's joint venture - Prestige Bullion which have been discounted using the applicable cost of equity.	• We evaluated the design and tested the implementation and operating effectiveness of internal controls applied by management to determine that the fair value was appropriately determined and reviewed; • Evaluated the professional competence and objectivity and independence of the external valuation expert used by management to assist with the fair value determination by understanding their experience in preparing valuations applying IFRS 13 principles; • We critically evaluated and assessed the reports obtained from management's expert to identify any aspects which were inconsistent with our understanding and experience of the entity and the industry in which it operates; • Together with our KPMG valuation specialists we challenged the appropriateness of the fair value models used and the methodology supporting the valuation by reperforming the DCF calculation using KPMG's methodology, calculated discount rates and market information to determine a valuation range. Additionally, a sensitivity analysis was performed on the valuation model by changing significant assumptions and evaluating the impact on the fair value determined valuation range; • We also critically assessed and challenged the assumptions and estimates used in the discounted cash flow models, through independently evaluating the forecasted cash flows, commodity prices, exchange rates, production volumes, key macroeconomic parameters, discount rate used and the estimated dividends from Prestige Bullion; • We evaluated key inputs that were reported in the RR management forecast model and agreed them to those indicators included in management's fair value model for consistency; • We evaluated the appropriateness of the disclosures made in financial statements in respect of the equity investment in RR to the requirements of IFRS 13.

Completeness and valuation of the provision for environmental rehabilitation (applicable to the consolidated financial statements)

Refer to note 11 of the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
Determining the provision for environmental rehabilitation requires management to make significant assumptions and estimates, with the assistance of an independent expert, in respect of: • The group's environmental management plans that are developed in accordance with current regulatory requirements, the planned method of rehabilitation, the life-of-mine ("**LOM**") plan and the current contract rates, that in turn are used in estimating future environmental rehabilitation costs; and • Discount rates, inflation rates, discount periods, and the projected timing of cash flows over the expected LOM used in the calculation of the net present value of the estimated rehabilitation costs. Due to the inherent uncertainty in estimating future environmental rehabilitation costs the completeness and valuation of the provision for environmental rehabilitation was considered a key audit matter in our audit of the consolidated financial statements.	• We evaluated the design and tested the implementation and operating effectiveness of internal controls implemented by management over; o the assumptions made and judgements applied; o quantification of the gross provision; o the calculation of the discounted provision for the environmental rehabilitation; and o the completeness and accuracy of disclosures • We critically assessed the results of the group's external independent expert's work and we evaluated the independence, competence and capabilities of the group's environmental expert by obtaining an understanding of their professional qualifications, experience and affiliations; • Our sustainability expert critically assessed management's and the independent expert's quantification of the gross environmental rehabilitation provision and objectively challenged the assumptions and judgements applied in calculating the gross provision with a specific focus on the completeness of the provision and regulatory compliance; • We assessed whether the provision is consistent with the environmental management closure plans as approved by the Department of Mineral Resources and Energy (DMRE) (where applicable) and the current approved LOM plan; • We assessed the appropriateness of unit rates applied in determining the gross provision. Where significant movements in the year on year rates were identified, we performed additional procedures to confirm accuracy of these rates and compliance with current legislation; • We critically assessed the timing of the cash flows, inflation rates, discount rates and discounts periods used in calculating the discounted provision, with reference to the approved LOM plan and externally derived data; • Assessed the appropriateness of the discount rates used in the calculation of the discounted provision against independently sourced inflation and risk-free rates; • We evaluated the appropriateness of accounting for the change in estimates recognised in profit or loss or allocated to the related decommissioning asset; and • We assessed the appropriateness of the disclosures made as set out in note 11 against the requirements of IFRS.

Valuation of the deferred tax liabilities (applicable to the consolidated financial statements)

Refer to note 18 of the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
The deferred tax liability is determined with reference to applying a weighted average tax rate that is based on a prescribed formula. The determination of the tax rate makes use of assumptions and estimates that are inherently uncertain and could materially change over time. The assumptions and estimates include determining the expected future profitability of the operations which are based on the LOM and the timing of when unredeemed capital expenditure can be utilised. In the current year, as set out in note 18, the weighted average tax rate for Ergo increased from 22% to 25% due to the increase in future taxable income. Due to the inherent uncertainty in estimating future taxable income, the valuation of the deferred tax liability was considered a key audit matter in our audit of the consolidated financial statements.	• We evaluated the design and tested the implementation and operating effectiveness of internal controls implemented by management to ensure that the LOM assessment, income tax and deferred tax calculations and model used to determine the future effective tax rate, were performed accurately; • We inspected and evaluated the significant changes in the declared reserves compared to what was previously reported and obtained relevant support to substantiate the changes noted in the LOM; • We evaluated the objectivity, competence and capabilities of management's external geological expert. We further obtained an understanding of the work performed by the external geological expert to evaluate the appropriateness of the conclusions reached by management; • We challenged the assumptions and estimates used by management in the proven and probable reserves calculation, by comparing them to external derived data sources. We agreed that information used in the determination of the environmental rehabilitation provision was consistent with that being applied in the tax model; • We performed sensitivity analyses to consider the impact of changes in assumptions and estimates used in the LOM assessment which would impact the weighted average tax rate; • Our tax specialist critically assessed management's evaluation of tax uncertainties and judgements; • Our tax specialist tested the accuracy of the tax model and calculation used to determine the deferred tax amount; • We assessed the probability of future mining taxable profits against which the unredeemed capital expenditure can be utilised.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "DRDGOLD Limited 2020 Annual Integrated Report" and in the document titled "DRDGOLD Limited Annual Financial Statements 30 June 2020", which includes the Directors' report, the Report of the Audit and Risk Committee and the Company Secretary's Statement as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc has been the auditor of DRDGOLD Limited for 18 years.

KPMG Inc.
Registered Auditor

Per R Stoltz
Chartered Accountant (SA)
Registered Auditor
Director
29 October 2020

KPMG Crescent,
85 Empire Road,
Parktown,
Johannesburg

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

Amounts in R million	Note	2020	2019
Revenue	4	**4,185.0**	2,762.1
Cost of sales	5.1	**(2,937.9)**	(2,553.9)
Gross profit from operating activities		**1,247.1**	208.2
Other income	5.2	**0.7**	7.9
Administration expenses and other costs	5.3	**(309.9)**	(90.9)
Results from operating activities		**937.9**	125.2
Finance income	6	**109.8**	58.3
Finance expense	7	**(68.8)**	(78.4)
Profit before tax		**978.9**	105.1
Income tax	18.1	**(343.9)**	(26.6)
Profit for the year		**635.0**	78.5
Other comprehensive income			
Items that will not be reclassified to profit or loss, net of tax			
Net fair value adjustment on equity investments at fair value through other comprehensive income		**190.6**	(5.9)
Fair value adjustment on equity investments at fair value through other comprehensive	25	**191.8**	(5.9)
Deferred tax thereon	18.2	**(1.2)**	-
Total other comprehensive income for the year		**190.6**	(5.9)
Total comprehensive income for the year		**825.6**	72.6
Earnings per share			
Basic earnings per share (SA cents per share)	8	**82.5**	11.8
Diluted earnings per share (SA cents per share)	8	**81.0**	11.5

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2020

Amounts in R million	Note	2020	2019
ASSETS			
Non-current assets		**3,485.4**	3,403.9
Property, plant and equipment	9	**2,621.1**	2,775.3
Investments in rehabilitation obligation funds	12	**626.0**	587.5
Payments made under protest	24	**35.0**	27.6 [1]
Other investments	25	**195.3**	3.5 [1]
Deferred tax asset	18.2	**8.0**	10.0
Current assets		**2,189.8**	656.1
Inventories	17	**323.4**	304.6
Current tax receivable		**4.9**	4.1
Trade and other receivables	15	**146.4**	67.9
Cash and cash equivalents	13	**1,715.1**	279.5
TOTAL ASSETS		**5,675.2**	4,060.0
EQUITY AND LIABILITIES			
Equity		**4,040.2**	2,688.6
Stated share capital	21.1	**6,157.9**	5,072.8
Other reserves		**-**	453.6
Retained earnings		**(2,117.7)**	(2,837.8)
Non-current liabilities		**889.1**	913.2
Provision for environmental rehabilitation	11	**568.9**	682.6
Deferred tax liability	18.2	**273.1**	193.2
Employee benefits	19	**10.1**	37.4
Lease liabilities (2019: finance lease obligation)	10.2	**37.0**	-
Current liabilities		**745.9**	458.2
Trade and other payables	16	**478.8**	419.2
Employee benefits	19	**227.6**	22.6
Current portion of lease liabilities (2019: current portion of finance lease obligation)	10.2	**10.1**	11.0
Current tax liability		**29.4**	5.4
TOTAL LIABILITIES		**1,635.0**	1,371.4
TOTAL EQUITY AND LIABILITIES		**5,675.2**	4,060.0

[1] During 2020, the Group disaggregated "other assets" into "payments made under protest" and "other investments" respectively to reflect different types of material assets more appropriately. Comparative amounts in the statement of financial position were reclassified for consistency. As a result, R27.6 million was reclassified from "other assets" into "payments made under protest" and R3.5 million was reclassified from "other assets" into "other investments

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

Amounts in R million	Note	Stated share capital	Other reserves	Retained earnings	Total equity
Balance at 30 June 2018		**4,177.7**	**-**	**(2,910.4)**	**1,267.3**
Total comprehensive income					
Profit for the year				78.5	78.5
Other comprehensive income				(5.9)	(5.9)
Total comprehensive income		-	-	72.6	72.6
Transactions with the owners of the parent					
Contributions and distributions					
Equity instruments issued as purchase consideration for the acquisition of Far West Gold Recoveries ("**FWGR**")		895.7	453.6		1,349.3
Expenses incurred on issue of ordinary shares		(0.3)			(0.3)
Treasury shares acquired through subsidiary	21.1	(0.3)			(0.3)
Total contributions and distributions		895.1	453.6	-	1,348.7
Balance at 30 June 2019		**5,072.8**	**453.6**	**(2,837.8)**	**2,688.6**
Total comprehensive income					
Profit for the year				635.0	635.0
Other comprehensive income				190.6	190.6
Total comprehensive income		-	-	825.6	825.6
Transactions with the owners of the parent					
Contributions and distributions					
Issue of ordinary shares	21.1	1,085.6			1,085.6
Expenses incurred on issue of ordinary shares		(0.5)			(0.5)
Reallocation of the equity instruments on exercise of the Sibanye-Stillwater option		-	(453.6)	453.6	-
Dividend on ordinary share capital	21.2			(565.1)	(565.1)
Equity-settled share-based payment	19.2			6.0	6.0
Total contributions and distributions		1,085.1	(453.6)	(105.5)	526.0
Balance at 30 June 2020	**21.1**	**6,157.9**	**-**	**(2,117.7)**	**4,040.2**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

Amounts in R million	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	**1,309.6**	282.0
Finance income received		**63.8**	16.8
Dividends received		**4.3**	-
Finance expenses paid		**(8.7)**	(9.3)
Income tax paid		**(240.1)**	(1.2)
Net cash inflow from operating activities		**1,128.9**	288.3
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(181.1)**	(347.4)
Environmental rehabilitation payments to reduce decommissioning liabilities	11	**(22.1)**	(16.6)
Proceeds on disposal of property, plant and equipment	5.2	**0.7**	5.8
Funds received from environmental obligation funds	12	**-**	55.2
Net cash outflow from investing activities		**(202.5)**	(303.0)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of ordinary shares	21.1	**1,085.6**	-
Share issue expenses		**(0.5)**	(0.3)
Acquisition of treasury shares	21.1	**-**	(0.3)
Dividends paid on ordinary shares		**(564.5)**	-
Borrowings raised		**-**	192.0
Borrowings paid		**-**	(192.0)
Initial fees incurred on borrowings		**-**	(3.6)
Repayment of lease liabilities (2019: repayment of finance lease obligations)	10.2	**(11.4)**	(3.7)
Net cash inflow/(outflow) from financing activities		**509.2**	(7.9)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,435.6**	(22.6)
Cash and cash equivalents at the beginning of the year		**279.5**	302.1
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	**1,715.1**	279.5

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2020

1 ABOUT THESE CONSOLIDATED FINANCIAL STATEMENTS

Reporting entity

The DRDGOLD Group is primarily involved in the retreatment of surface gold. The consolidated financial statements comprise DRDGOLD Limited (the "**Company**") and its subsidiaries who are all wholly owned subsidiaries and solely operate in South Africa (collectively the "**Group**" and individually "**Group Companies**"). The Company is domiciled in South Africa with a registration number of 1895/000926/06. The registered address of the Company is Constantia Office Park, Cnr 14th Avenue and Hendrik Potgieter Road, Cycad House, Building 17, Ground Floor, Weltevreden Park, 1709.

The DRDGOLD Group is 50.1% held by Sibanye Gold Limited, which in turn is a wholly owned subsidiary of Sibanye Stillwater Limited ("**Sibanye-Stillwater**").

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC) as well as the requirements of the Companies Act of South Africa. The consolidated financial statements were approved by the board for issuance on 29 October 2020.

Functional and presentation currency

The functional and presentation currency of DRDGOLD and its subsidiaries is South African rand. The amounts in these consolidated financial statements are rounded to the nearest million unless stated otherwise. Significant exchange rates applied during the year are set out in the table below:

South African rand / US dollar	2020	2019
Spot rate at year end	17.32	14.07
Average rate for the financial year	15.66	14.18

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, unless otherwise stated.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2 USE OF ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make accounting assumptions, estimates and judgements that affect the application of the Group's accounting policies and reported amounts of assets and liabilities, income and expenses.

Accounting assumptions, estimates and judgements are reviewed on an ongoing basis. Revisions to reported amounts are recognised in the period in which the revision is made and in any future periods affected. Actual results may differ from these estimates.

Information about assumptions and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the notes:

- NOTE 9 PROPERTY, PLANT AND EQUIPMENT
- NOTE 11 PROVISION FOR ENVIRONMENTAL REHABILITATION
- NOTE 18 INCOME TAX
- NOTE 24 PAYMENTS MADE UNDER PROTEST
- NOTE 25 OTHER INVESTMENTS

Information about significant judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the notes:

- NOTE 24 PAYMENTS MADE UNDER PROTEST
- NOTE 26 CONTINGENCIES

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

New standards, amendments to standards and interpretations effective for the year ended 30 June 2020
During the financial period, the following new and revised accounting standards, amendments to standards and new interpretation were adopted by the Group:

IFRS 16 *Leases* (Effective date 1 July 2019)
The Group adopted IFRS 16 Leases ("**IFRS 16**") on 1 July 2019, using the modified retrospective method.

The Group elected to measure the right of use asset at an amount equal to the lease liabilities for leases previously expensed as operating leases.

The nature of the leases include property rentals, vehicle rentals and equipment hire.

The equipment hire includes the rental of an electricity generator which was previously classified as a finance lease under IAS 17 *Leases* ("**IAS 17**"). The carrying amount of the right-of-use asset and the lease liability at the date of initial application was measured using the carrying amount of the lease asset and lease liability immediately before under IAS 17.

The Group applied the following practical expedients:
- the Group elected not to separate non-lease components and account for the lease and non-lease component as a single lease component;
- leases for which the underlying asset is of low value; and
- short-term leases defined as less than 12 months.

The Group applied the following judgements:
- assessing whether an arrangement contains a lease;
- where the Group has the option to terminate a contract with no more than an insignificant penalty, the lease is no longer deemed to be enforceable. However, in making this assessment management will in addition, take into account the nature of the asset, the alternative procurement of the asset and the general economics of the contract in assessing its enforceability;
- where a lease is on a month to month basis, the lease term is limited to one month's enforceable period, therefore that lease is excluded from the lease population;
- where a contract includes an option to renew, management will consider whether it is reasonably certain that the option will be exercised. In making this assessment, the historical renewal behaviour will be considered, considering the strategic nature of that asset;
- the determination of the right of use asset to be equal to the lease liability, adjusted for prepaid or accrued lease payments immediately before the date of initial application. This resulted in there being no impact on retained earnings at adoption date; and
- to use the Group's incremental borrowing rate in discounting the future payments. The weighted average discount rate applied was 10.31% per annum.

There have been no significant changes under IFRS 16 for lessors.

The impact of the adoption of IFRS 16 on the Group's financial statements is as follows:

Amounts in R million	**2020**
Operating lease commitments at 30 June 2019	37.6
Operating lease commitments at 1 July 2019 discounted using the weighted average incremental borrowing rate at 1 July 2019	(6.7)
Operating lease commitments recognised as lease liabilities on the statement of financial position at 1 July 2019 (not previously recognised)	30.9
Finance lease liabilities previously recognised under IAS 17 at 30 June 2019	11.0
Total lease liabilities recognised at 1 July 2019	**41.9**

IFRIC 23 Uncertainty over Income Tax Treatments (Effective date 1 July 2019)
IFRIC 23 Uncertainty over Income Tax Treatments ("**IFRIC 23**") clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:
- judgements made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

Information about significant judgements, assumptions and estimates related to uncertainties with regard to the measurement of tax as reported in the financial statements are included in the following note:
NOTE 18 INCOME TAX

Annual Improvements to IFRS Standards 2015/2017 Cycle various standards (effective 1 July 2019)
As part of its process to make non-urgent but necessary amendments to IFRS, the IASB has issued the Annual Improvements to IFRS Standards 2015–2017 Cycle. This did not have a material impact on the Group.

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS *continued*

New standards, amendments to standards and interpretations not yet effective
At the date of authorisation of these consolidated financial statements, the following relevant standards, amendments to standards and interpretations that may be applicable to the business of the Group were in issue but not yet effective and may therefore have an impact on future consolidated financial statements. These new standards, amendments to standards and interpretations will be adopted at their effective dates.

Definition of Material (Amendments to IAS 1 and IAS 8) (Effective July 1, 2020)
The amendment clarifies the definition of material to make it easier to understand and provides guidance on how the definition should be applied. The changes in the definition now ensures that the definition is consistent across all IFRS standards and the Conceptual Framework.

- old definition (IAS 1): Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements;
- new definition (IAS 1): Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The definition of material omissions or misstatements from IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* has been removed.

Management has performed a preliminary assessment of the new definition of materiality and has assessed that it is not expected that significant changes will result from the adoption of the new definition of materiality.

Amendments to References to Conceptual Framework in IFRS (Effective July 1, 2020)
The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- new concepts on measurement including factors to be considered when selecting the measurement basis;
- new concepts on presentation and disclosure, including when to classify income and expenses in other comprehensive income;
- new guidance on when assets and liabilities are removed from financial statements;
- updated definitions of an asset and liability;
- updated recognition criteria for including assets and liabilities in financial statements;
- the revised framework clarified the concepts of prudence, stewardship, measurement uncertainty and substance over form; and
- the IASB also updated references to the Conceptual Framework in IFRS by issuing Amendments to References to the Conceptual Framework in IFRS.

Management has performed a preliminary assessment of the amendments to the References to the Conceptual Framework and has assessed that it is not expected that significant changes will result from the new references to the Conceptual Framework.

4 REVENUE

ACCOUNTING POLICIES

Revenue comprises the sale of gold bullion and silver bullion (produced as a by-product).

Revenue is measured based on the consideration specified in a contract with the customer, which is based on the London Bullion Market fixing price on the date when it transfers control over the goods to the customer.

The Group recognises revenue at a point in time when Rand Refinery, acting as an agent for the sale of all gold produced by the Group, delivers the Gold to the buyer and the sales price is fixed, as evidenced by the certificate of sale. It is at this point that the revenue can be measured reliably and the recovery of the consideration is probable. Rand Refinery is contractually obliged to make payment to the Group within two business days after the sale of the gold and silver and therefore no significant financing component exists.

Amounts in R million	2020	2019
Gold revenue	**4,179.3**	2,758.8
Silver revenue	**5.7**	3.3
Total revenue	**4,185.0**	2,762.1

A disaggregation of revenue by operating segment is presented in note 23 OPERATING SEGMENTS.

MARKET RISK

Commodity price sensitivity

The Group's profitability and the cash flows are significantly affected by changes in the market price of gold and silver which are sold in US Dollars. The Group did not enter into forward sales of gold production, derivatives or other hedging arrangements to establish a commodity price in advance for the sale of future gold production during the year.

A change of 20% in the average US Dollar gold price received during the financial year would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables remain constant and specifically excludes the impact on income tax.

Amounts in R million	2020	2019
20% increase in the US Dollar gold price	**837.0**	552.4
20% decrease in the US Dollar gold price	**(837.0)**	(552.4)

Exchange rate sensitivity

The Group's profitability and the cash flows are significantly affected by changes in the Rand to the US Dollar exchange rate. The Group did not enter into forward sales of US Dollars, derivatives or other hedging arrangements to establish an exchange rate in advance for the sale of US Dollars to be received in the future.

A change of 10% in the average Rand to US Dollar exchange rate received during the financial year would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables remain constant and specifically excludes the impact on income tax.

Amounts in R million	2020	2019
10% increase in the Rand to US Dollar exchange rate	**418.5**	276.2
10% decrease in the Rand to US Dollar exchange rate	**(418.5)**	(276.2)

5 RESULTS FROM OPERATING ACTIVITIES

5.1 COST OF SALES

Amounts in R million	Note	2020	2019
Cost of sales		**(2,937.9)**	(2,553.9)
Operating costs (a)		**(2,692.1)**	(2,471.1)
Movement in gold in process and finished inventories - Gold Bullion		**3.1**	32.6
Depreciation	9	**(270.8)**	(169.1)
Change in estimate of environmental rehabilitation	11	**21.9**	60.0
Retrenchment costs (b)		**-**	(6.3)
(a) Operating costs			
The most significant components of operating costs include:			
Consumable stores		**(801.0)**	(866.5)
Labour including short term incentives		**(573.0)**	(476.7)
Electricity		**(420.9)**	(399.4)
Specialist service providers		**(447.5)**	(437.1)
Water		**(47.0)**	(44.1)
Pre-production costs capitalised		**-**	93.7
(b) Retrenchment costs			
Voluntary staff retrenchments		**-**	(6.3)

RELATED PARTY TRANSACTIONS

FWGR entered into a smelting agreement with Sibanye-Stillwater on 31 July 2018 to smelt and recover gold from gold loaded carbon produced at FWGR, and deliver the gold to Rand Refinery. As consideration for this service, Sibanye-Stillwater receives a fee based on the smelting costs plus 10% of the smelting costs.

Rand Refinery performs the final refinement and marketing of all gold and silver produced by the Group. As consideration for this service, Rand Refinery receives a variable refining fee plus fixed marketing and administration fees.

All transactions and outstanding balances with related parties are to be settled in cash within 30 days of the invoice date. None of the balances are secured. No expense has been recognised in the current year as a credit loss allowance in respect of amounts charged to related parties.

Amounts in R million	2020	2019
Services rendered by related parties and included in operating costs:		
Supply of water and electricity [1]	**50.0**	16.9
Gold smelting and related charges [1]	**19.8**	12.9
Other charges [1]	**1.6**	-
Charges to Sibanye-Stillwater [2]	**(0.2)**	(6.5)
Gold refining and related charges [3]	**4.9**	3.6
	76.1	26.9

[1] Paid to Sibanye-Stillwater by FWGR

[2] 2019 charges relate to material processed on behalf of Sibanye-Stillwater in terms of a toll treatment agreement and recovered the related costs from Sibanye-Stillwater. 2020 charges relate to miscellaneous items

[3] Paid to Rand Refinery subsequent to 31 July 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2020

5.2 OTHER INCOME

ACCOUNTING POLICIES

Other income is recognised where it is probable that the economic benefits associated with a transaction will flow to the Group and it can be reliably measured.

Other income is generally income earned from transactions outside the course of the Group's ordinary activities and may include gains on disposal of property, plant and equipment and gains on financial instruments at fair value through profit or loss.

Amounts in R million	2020	2019
Gain on disposal of property, plant and equipment	**0.7**	5.8
Gain on financial asset at fair value through profit or loss	**-**	2.1
	0.7	7.9

5.3 ADMINISTRATION EXPENSES AND OTHER COSTS

Amounts in R million	Note	2020	2019
Included in administration expenses and other costs are the following:			
Share based payment expenses		**(224.1)**	(21.4)
Cash settled Long-Term Incentive ("**LTI**") scheme	19.1	**(218.1)**	(21.4)
Equity settled Long-Term Incentive ("**LTI**") scheme	19.2	**(6.0)**	-
Transactions costs		**(1.4)**	-

6 FINANCE INCOME

ACCOUNTING POLICY

Finance income includes interest received, growth in cash and cash equivalents in environmental rehabilitation trust funds, growth in the reimbursive right for environmental rehabilitation guarantees, dividends received and the unwinding of the Payments made under protest.

Amounts in R million	Note	2020	2019
Interest on financial assets measured at amortised cost	13	**63.1**	17.0
Growth in cash and cash equivalents in environmental rehabilitation trust funds	12	**33.3**	30.5
Growth in reimbursive right for environmental rehabilitation guarantees	12	**5.2**	7.8
Dividends received	25	**4.3**	-
Unwinding of Payments made under protest	24	**3.9**	3.0
		109.8	58.3

7 FINANCE EXPENSE

ACCOUNTING POLICY

Finance expenses comprise interest payable on financial instruments measured at amortised cost calculated using the effective interest method, unwinding of the provision for environmental rehabilitation, interest on lease liabilities and the discount recognised on Payments made under protest.

Amounts in R million	Note	2020	2019
Interest on financial liabilities measured at amortised cost		**(2.0)**	(10.2)
Interest on financial liabilities measured at amortised cost capitalised	9	**-**	9.4
Unwinding of provision for environmental rehabilitation	11	**(52.0)**	(66.3)
Discount recognised on Payments made under protest	24	**(7.1)**	(6.5)
Interest on lease liabilities	10.2	**(5.1)**	(2.0)
Other finance expenses		**(2.6)**	(2.8)
		(68.8)	(78.4)

8 EARNINGS PER SHARE

Amounts in R million		2020	2019
The calculations of basic and diluted earnings per ordinary share are based on the following:			
Profit for the year		**635.0**	78.5
Headline earnings			
The basic earnings has been adjusted by the following to arrive at headline earnings:			
Gain on disposal of property, plant and equipment (after tax)		**(0.5)**	(5.8)
- Gain on disposal of property, plant and equipment	5	**(0.7)**	(5.8)
- Tax thereon		**0.2**	-
Headline earnings		**634.5**	**72.7**

Reconciliation of weighted average number of ordinary shares to diluted weighted average number of ordinary shares	Note	2020	2019
Weighted average number of ordinary shares in issue		**769,941,874**	664,553,283
Effect of Sibanye-Stillwater Option	21.1	**9,464,684**	15,387,695
Effect of equity-settled share-based payment expense	19.2	**4,283,001**	-
Diluted weighted average number of ordinary shares		**783,689,559**	679,940,978

SA cents per share	2020	2019
Basic earnings per share	**82.5**	11.8
Diluted earnings per share	**81.0**	11.5
Headline earnings per share	**82.4**	10.9
Diluted headline earnings per share	**81.0**	10.7

9 PROPERTY, PLANT AND EQUIPMENT

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Mineral reserves and resources estimates

The Group is required to determine and report mineral reserves and resources in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code). In order to calculate mineral reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Estimating the quantity and/or grade of mineral reserves and resources requires the size, shape and depth of reclamation sites to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data. Because the assumptions used to estimate mineral reserves and resources change from period to period and because additional geological data is generated during the course of operations, estimates of mineral reserves and resources may change from period to period. Mineral reserves and resource estimates prepared by management are reviewed by an independent mineral resources expert.

Changes in reported mineral reserves and resources may affect the Group's life-of-mine plan, financial results and financial position in a number of ways including the following:

- asset carrying values may be affected due to changes in estimated future cash flows;
- depreciation charged to profit or loss may change where such charges are determined by the units-of-production method, or where the useful lives of assets change;
- decommissioning, site restoration and environmental provisions may change where changes in estimated mineral reserves and resources affect expectations about the timing or cost of these activities; and
- the carrying value of deferred tax assets and liabilities may change due to changes in estimates of the likely recovery of the tax benefits and charges.

Depreciation

The calculation of the units-of-production rate of depreciation could be affected if actual production in the future varies significantly from current forecast production. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating mineral reserves and resources. These factors could include:

- changes in mineral reserves and resources;
- the grade of mineral reserves and resources may vary from time to time;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites including planned extraction efficiencies; and
- changes in capital, operating, mining processing and reclamation costs, discount rates and foreign exchange rates.

ACCOUNTING POLICIES

Recognition and measurement

Property, plant and equipment comprise mine plant facilities and equipment, mine property and development (including mineral rights) and exploration assets. These assets (excluding exploration assets) are initially measured at cost, whereafter they are measured at cost less accumulated depreciation and accumulated impairment losses. Exploration assets are initially measured at cost, whereafter they are measured at cost less accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition or construction of the asset, borrowing costs capitalised, as well as the costs of dismantling and removing an asset and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Exploration and evaluation costs are capitalised as exploration assets on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project.

Exploration assets consists of costs of acquiring rights, activities associated with converting a mineral resource to a mineral reserve, the process thereof includes drilling, sampling and other processes necessary to evaluate the technical feasibility and commercial viability of a mineral resource to prove whether a mineral reserve exists. Exploration assets also include geological, geochemical and geophysical studies associated with prospective projects and tangible assets which comprise of property, plant and equipment used for exploratory activities. Costs are capitalised to the extent that they are a directly attributable exploration expenditure and classified as a separate class of assets on a project by project basis. Once a mineral reserve is determined, or the project ready for development, the asset attributable to the mineral reserve or project is tested for impairment and then reclassified to the appropriate class of assets. Depreciation commences when the assets are available for use.

Depreciation

Depreciation of mine plant facilities and equipment, as well as mining property and development (including mineral rights) are calculated using the units of production method which is based on the life-of-mine of each site. The life-of-mine is primarily based on proved and probable mineral reserves. It reflects the estimated quantities of economically recoverable gold that can be recovered from reclamation sites based on the estimated gold price. Changes in the life-of-mine will impact depreciation on a prospective basis. The life-of-mine is prepared using a methodology that takes account of current information to assess the economically recoverable gold from specific reclamation sites and includes the consideration of historical experience.

The depreciation method, estimated useful lives and residual values are reassessed annually and adjusted if appropriate. Any changes to useful lives may affect prospective depreciation rates and asset carrying values. The current estimated useful lives are based on the life-of-mine of each site, currently between four (2019: three) and 13 (2019: 11) years for Ergo mining assets and between four (2019: five) and 20 (2019: 15) years for FWGR mining assets.

9 PROPERTY, PLANT AND EQUIPMENT *continued*

ACCOUNTING POLICIES *continued*

Impairment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). The key assets of a surface retreatment operation which constitutes a CGU are a reclamation site, a metallurgical plant and a tailings storage facility. These key assets operate interdependently to produce gold. The Ergo and FWGR operations each have separately managed and monitored reclamation sites, metallurgical plants and tailings storage facilities and are therefore separate CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The recoverable amount was determined by estimating the value in use. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

Amounts in R million	Note	Mine plant facilities and equipment (c)	Mine property and development	Exploration assets	Total
30 June 2020					
Cost		**2,203.5**	**2,147.0**	**266.3**	**4,616.8**
Balance at the beginning of the year		**2,156.2**	**2,106.8**	**256.7**	**4,519.7**
Impact of adopting IFRS 16 on 1 July 2019	10.1	**7.5**	**23.4**	**-**	**30.9**
Additions - property, plant and equipment owned		**121.2**	**46.5**	**15.0**	**182.7**
Additions - right-of-use assets	10.1	**3.8**	**14.2**	**-**	**18.0**
Lease modifications	10.1	**-**	**7.5**	**-**	**7.5**
Lease derecognitions	10.1	**(26.7)**	**(0.1)**	**-**	**(26.8)**
Disposals		**(1.6)**	**-**	**-**	**(1.6)**
Change in estimate of decommissioning asset	11	**(56.7)**	**(51.5)**	**(5.4)**	**(113.6)**
Transfers between classes of property, plant and equipment		**(0.2)**	**0.2**	**-**	**-**
Accumulated depreciation and impairment		**(1,017.5)**	**(968.5)**	**(9.7)**	**(1,995.7)**
Balance at the beginning of the year		**(909.9)**	**(824.8)**	**(9.7)**	**(1,744.4)**
Depreciation	5.1	**(127.1)**	**(143.7)**	**-**	**(270.8)**
Lease derecognitions		**17.9**	**-**	**-**	**17.9**
Disposals		**1.6**	**-**	**-**	**1.6**
Carrying value at end of the year		**1,186.0**	**1,178.5**	**256.6**	**2,621.1**
Comprising:					
Property, plant and equipment owned		**1,177.8**	**1,141.8**	**256.6**	**2,576.2**
Right-of-use assets	10.1	**8.2**	**36.7**	**-**	**44.9**
Carrying value at end of the year		**1,186.0**	**1,178.5**	**256.6**	**2,621.1**
30 June 2019					
Cost		2,156.2	2,106.8	256.7	4,519.7
Balance at the beginning of the year		1,689.5	1,264.5	77.3	3,031.3
Acquisition of FWGR		198.4	849.9	177.3	1,225.6
Additions - property, plant and equipment owned		284.5	66.7	2.5	353.7
Borrowing costs capitalised		9.4	-	-	9.4
Disposals		(1.6)	(1.7)	-	(3.3)
Change in estimate of decommissioning asset	11	(24.0)	(75.3)	2.3	(97.0)
Transfers between classes of property, plant and equipment		-	2.7	(2.7)	-
Accumulated depreciation and impairment		(909.9)	(824.8)	(9.7)	(1,744.4)
Balance at the beginning of the year		(815.4)	(753.5)	(9.7)	(1,578.6)
Depreciation	5.1	(96.1)	(73.0)	-	(169.1)
Disposals		1.6	1.7	-	3.3
Carrying value at end of the year		1,246.3	1,282.0	247.0	2,775.3

CONTRACTUAL COMMITMENTS

Contractual commitments not provided for in the consolidated financial statements at 30 June 2020 amounted to R130.6 million (2019: R18.6 million).

Capital expenditure related to specific growth projects are financed on a project-by-project basis. Other capital expenditure is financed from existing cash resources and cash generated from operations.

10 RIGHT OF USE ASSETS AND LEASES

ACCOUNTING JUDGEMENTS

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The contract must also be enforceable. To assess whether a contract conveys the right to control the use of an identified asset, requires judgement particularly on contracts with service contractors, which may contain embedded leases.

The Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relevant stand-alone prices. However, for the lease of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease component as a single lease component.

Some property leases contain options to renew under the contract. Judgement is applied in whether the renewable option periods must be included in the lease term i.e. it is reasonably certain that the options to renew will be exercised. In applying judgement, the Group also considers whether the lease term is commensurate with estimated future mine plans requirements and environmental rehabilitation obligations associated with the property post reclamation.

ACCOUNTING POLICIES

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The impact of the adoption of the standard is disclosed in Note 3.

Accounting policy before 1 July 2019

Leased assets
Upon initial recognition, the leased asset is measured at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in the same manner as owned property, plant and equipment.

Finance lease payments
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Accounting policy after 1 July 2019

Right of use asset
The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability and is adjusted by any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The Group recognises a right of use asset and lease liability at the lease commencement date.

The right of use asset is subsequently depreciated using the straightline method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset carrying value is allocated to the CGU it belongs to and the CGU is reviewed at each reporting date to determine whether there is any indication of impairment. The carrying value is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability
The lease liability is initially measured at the present value of the outstanding lease payments at commencement date over the lease term, discounted using the interest rate implicit in the lease or if that rate is undeterminable, the Group's incremental borrowing rate. The lease term includes the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods when the Group is reasonably certain to exercise an option to extend a lease.

Lease payments comprise fixed payments, variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date, and the exercise price under a purchase option that the Group is reasonably certain to exercise.

The lease liability is measured using the effective interest rate method and is remeasured when there is a change in future lease payments. Upon remeasurement, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Right of use assets are presented in "property, plant and equipment" and lease liabilities are separately disclosed in the statement of financial position.

10 RIGHT OF USE ASSETS AND LEASES *continued*

ACCOUNTING POLICIES *continued*

Accounting policy after 1 July 2019 *continued*

Short term leases and leases of low value assets
The Group has elected not to recognise right of use assets and lease liabilities for short-term leases of machinery and equipment that have a lease term of 12 months or less and leases of low value assets which include IT equipment, security equipment and administration equipment.

10.1 RIGHT OF USE ASSETS

Included in property, plant and equipment are the following leased assets:

Amounts in R million	Note	Mine plant facilities and equipment	Mine property and development	Total
30 June 2020				
Cost		**11.1**	**45.0**	**56.1**
Impact of adopting IFRS 16 on 1 July 2019				
Right-of-use assets recognised on 1 July 2019		**7.5**	**23.4**	**30.9**
Transfers and other movements [1]		**26.5**	**-**	**26.5**
Additions		**3.8**	**14.2**	**18.0**
Lease modifications		**-**	**7.5**	**7.5**
Lease derecognitions		**(26.7)**	**(0.1)**	**(26.8)**
Accumulated depreciation		**(2.9)**	**(8.3)**	**(11.2)**
Impact of adopting IFRS 16 on 1 July 2019				
Transfers and other movements [1]		**(15.9)**	**-**	**(15.9)**
Depreciation		**(4.9)**	**(8.3)**	**(13.2)**
Lease derecognitions		**17.9**	**-**	**17.9**
Carrying value		**8.2**	**36.7**	**44.9**

[1] Relates to contracts previously classified as leases under IAS 17 and presented as property, plant and equipment which the Group has reassessed as right-of-use assets upon adoption of IFRS 16 as of 1 July 2019

10.2 LEASE LIABILITIES (2019: FINANCE LEASE OBLIGATION)

Included in property, plant and equipment are the following leased assets:

Amounts in R million	Note	2020	2019
Reconciliation of the lease liabilities balance:			
Balance at the beginning of the year		**11.0**	14.7
Impact of adopting IFRS 16 on 1 July 2019	9	**30.9**	-
New leases	9	**18.0**	-
Lease modifications		**7.5**	-
Leases derecognised		**(8.9)**	-
Interest charge on lease liabilities	7	**5.1**	2.0
Repayment of lease liabilities (2019: repayment of finance lease obligations)		**(11.4)**	(3.7)
Interest repaid		**(5.1)**	(2.0)
Balance at the end of the year		**47.1**	11.0
Current portion of lease liabilities		**(10.1)**	(11.0)
Non-current lease liabilities		**37.0**	-
Maturity analysis of undiscounted contractual cash flows:			
Less than a year		**13.0**	-
One to five years		**37.0**	-
More than 5 years		**9.0**	-
Total undiscounted lease liabilities at 30 June 2020		**59.0**	-
Lease payments not recognised as a liability but expensed during the year:			
Short-term leases		**2.4**	-
Leases of low value assets		**5.0**	-
Cash flows included in cash generated from operating activities		**7.4**	-

11 PROVISION FOR ENVIRONMENTAL REHABILITATION

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Estimates of future environmental rehabilitation costs are determined with the assistance of an independent expert and are based on the Group's environmental management plans which are developed in accordance with regulatory requirements, the life-of-mine plan and the planned method of rehabilitation which is influenced by developments in trends and technology.

An average discount rate ranging between 8.1% and 9.5% (2019: between 7.6% and 8.0%), average inflation rate of 5.1% (2019: 5.5%) and the discount periods as per the expected life-of-mine were used in the calculation of the estimated net present value of the rehabilitation liability.

ACCOUNTING POLICIES

The net present value of the estimated rehabilitation cost as at reporting date is provided for in full. These estimates are reviewed annually and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

Annual changes in the provision consist of financing expenses relating to the change in the present value of the provision and inflationary increases in the provision, as well as changes in estimates.

The present value of dismantling and removing the asset created (decommissioning liabilities) are capitalised to property, plant and equipment against an increase in the rehabilitation provision. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised in profit or loss. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy dealing with impairments of property, plant and equipment. Over time, the liability is increased to reflect an interest element, and the capitalised cost is depreciated over the life of the related asset. Cash costs incurred to rehabilitate these disturbances are charged to the provision and are presented as investing activities in the statement of cash flows.

The present value of environmental rehabilitation costs relating to the production of inventories and sites without related assets (restoration liabilities) as well as changes therein are expensed as incurred and presented as operating costs. Cash costs incurred to rehabilitate these disturbances are presented as operating activities in the statement of cash flows. The cost of ongoing rehabilitation is recognised in profit or loss as incurred.

Amounts in R million	Note	2020	2019
Opening balance		**682.6**	553.4
Acquisition of FWGR		**-**	247.4
Unwinding of provision	7	**52.0**	66.3
Change in estimate of environmental rehabilitation recognised in profit or loss (a)	5.1	**(21.9)**	(60.0)
Change in estimate of environmental rehabilitation recognised to decommissioning	9	**(113.6)**	(97.0)
Environmental rehabilitation payments (c)		**(30.2)**	(27.5)
To reduce decommissioning liabilities		**(22.1)**	(16.6)
To reduce restoration liabilities	14	**(8.1)**	(10.9)
Closing balance		**568.9**	682.6
Environmental rehabilitation payments to reduce the liability		**(30.2)**	(27.5)
Ongoing rehabilitation expenditure [1]	23	**(24.3)**	(18.3)
Total cash spent on environmental rehabilitation		**(54.5)**	(45.8)

[1] The Group also performs ongoing environmental rehabilitation arising from its current activities concurrently with production. These costs do not represent a reduction of the above liability and are expensed as operating costs.

(a) Change in estimate of environmental rehabilitation recognised in profit or loss

The change in estimate of environmental rehabilitation recognised in profit or loss is mainly as a result of updated vegetation and machine hire rates to recent service level agreements and actual rates incurred and the discount rate (real rate) which was higher as a result of higher long-term SA government bond rates and lower inflation rates than in the prior year.

(b) Change in estimate of environmental rehabilitation recognised to property, plant and equipment

The change in estimate of environmental rehabilitation recognised to property, plant and equipment is mainly as a result of a change in the current life of mine plan which influenced the method of rehabilitation. The decrease is also as a result of an increase in the discount rate (real rate) which was higher as a result of higher long-term SA government bond rates and lower inflation rates than in the prior year.

(c) Environmental rehabilitation payments

The payments made against the provision for environmental rehabilitation consist mainly of rehabilitation work performed on the Brakpan/Withok Tailings Storage Facility and on the Crown Complex.

GROSS COST TO REHABILITATE

The Group estimates that, based on current environmental and regulatory requirements, the total undiscounted rehabilitation cost is approximately R752.5 million (2019: R824.3 million).

12 INVESTMENTS IN REHABILITATION OBLIGATION FUNDS

ACCOUNTING POLICIES

Cash and cash equivalents in environmental rehabilitation trust funds
Cash and cash equivalents included in environmental rehabilitation trust funds comprise low-risk, interest-bearing cash and cash equivalents and are non-derivative financial assets categorised as financial assets measured at amortised cost.

Cash and cash equivalents are initially measured at fair value. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their fair value.

Reimbursive right for environmental rehabilitation guarantees
Funds held in the cell captive that secure the environmental rehabilitation guarantees issued are recognised as a right to receive a reimbursement and are measured at the lower of the amount of the consolidated environmental rehabilitation liability recognised and the consolidated fair value of the fund assets.

Changes in the carrying value of the fund assets, other than those resulting from contributions and payments, are recognised in finance income.

Funding of environmental rehabilitation activities (refer note 11)
Ongoing rehabilitation expenditure and environmental rehabilitation payments to reduce the environmental rehabilitation obligations are mostly funded by cash generated from operations. In addition, contributions have been made to an environmental rehabilitation trust and a cell captive for the sole use of future environmental rehabilitation payments.

Guardrisk Insurance Company Limited ("**Guardrisk**") has guarantees in issue amounting to R427.3 million (2019: R427.3 million) to the Department of Mineral Resources ("**DMR**") on behalf of DRDGOLD related to the environmental obligations. The funds in the cell captive serve as collateral for these guarantees.

Amounts in R million	Note	2020	2019
Cash and cash equivalents in environmental rehabilitation trust funds		**542.2**	508.9
Opening balance		**508.9**	118.0
Acquisition of FWGR		**-**	360.4
Growth	6	**33.3**	30.5
Reimbursive right for environmental rehabilitation guarantees		**83.8**	78.6
Opening balance		**78.6**	126.0
Funds received		**-**	(55.2)
Growth	6	**5.2**	7.8
		626.0	587.5

CREDIT RISK
The Group is exposed to credit risk on the total carrying value of the investments held in the environmental rehabilitation trust funds.

The Group manages its exposure to credit risk by diversifying these investments across a number of major financial institutions, as well as investing funds in low-risk, interest-bearing cash and cash equivalents.

MARKET RISK

Interest rate risk
A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular the balance of the funds, remain constant. The analysis excludes income tax**.**

Amounts in R million	2020	2019
100bp increase	**5.4**	5.1
100bp (decrease)	**(5.4)**	(5.1)

FAIR VALUE OF FINANCIAL INSTRUMENTS
The fair value of the cash and cash equivalents in the environmental rehabilitation trust funds approximate their carrying value due to their short-term maturities.

13 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to cash without significant risk of changes in value and comprise cash on hand, demand deposits, and highly liquid investments which are readily convertible to known amounts of cash.

Cash and cash equivalents are non-derivative financial assets categorised as financial assets measured at amortised cost. Cash and cash equivalents are initially measured at fair value. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their fair value.

Amounts in R million	Note	2020	2019
Cash on hand		**63.5**	125.2
Access deposits and income funds [1]		**1,632.3**	136.0
Restricted cash [2]		**19.3**	18.3
		1,715.1	279.5
Interest earned on cash and cash equivalents	6	**63.1**	17.0

[1] *These consist of access deposit notes and conservatively managed income funds that are diversified across the major financial institutions in South Africa. At reporting date all of these instruments had same day or next day liquidity and effective annual yields of between 5.5% and 7%*

[2] *These consist of cash held on call to fund environmental and other guarantees issued by the Standard Bank of South Africa Limited.*

CREDIT RISK

The Group is exposed to credit risk on the total carrying value of its cash and cash equivalents. The Group manages its exposure to credit risk by investing cash and cash equivalents across several major financial institutions, considering the credit ratings of the respective financial institutions, funds and underlying instruments.

Impairment on cash and cash equivalents, if any, are measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties

MARKET RISK

Interest rate risk

A change of 100 basis points (bp) in the interest rates would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis is performed on the average balance of cash and cash equivalents for the year and assumes that all other variables remain constant. The analysis excludes income tax.

Amounts in R million	2020	2019
100bp increase	**10.0**	2.8
100bp (decrease)	**(10.0)**	(2.8)

Foreign denominated cash is held in a foreign currency bank account accruing negligible interest and is usually converted to South African Rand on the day of receipt. Foreign cash is therefore not exposed to significant interest rate risk.

Foreign currency risk

US Dollars received on settlement of the trade receivables are exposed to fluctuations in the US Dollar/South African Rand exchange rate until it is converted to South African Rands.

The Group was not exposed to any fluctuations in the US Dollar/South African Rand exchange rate on any US Dollars at the current or previous reporting date as all the US Dollars held were converted to South African Rands.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of cash and cash equivalents approximates their carrying value due to their short-term maturities.

14 CASH GENERATED FROM OPERATIONS

Amounts in R million	Note	2020	2019
Profit for the year		**635.0**	78.5
Adjusted for			
Income tax	18	**343.9**	26.6
Depreciation	9	**270.8**	169.1
Movement in gold in process and finished inventories - Gold Bullion	5.1	**(3.1)**	(32.6)
Change in estimate of environmental rehabilitation	11	**(21.9)**	(60.0)
Environmental rehabilitation payments	11	**(8.1)**	(10.9)
Share-based payment expense	5.3	**224.1**	21.4
(Gain)/loss on disposal of property, plant and equipment	5.2	**(0.7)**	(5.8)
Finance income	6	**(109.8)**	(58.3)
Finance expense	7	**68.8**	78.4
Other non-cash items		**2.6**	1.8
Operating cash flows before other changes		**1,401.6**	208.2
Changes in		**(92.0)**	73.8
Trade and other receivables		**(79.0)**	22.5
Consumable stores and stockpiles		**(26.4)**	(24.8)
Payments made under protest	24	**(10.6)**	(11.7)
Trade and other payables and employee benefits		**24.0**	87.8
Cash generated from operations		**1,309.6**	282.0

15 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

Recognition and measurement
Trade and other receivables, excluding Value Added Tax and prepayments, are non-derivative financial assets categorised as financial assets at amortised cost.

These assets are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method less any expected credit losses using the Group's business model for managing its financial assets.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Impairment
The Group recognises loss allowances for trade and other receivables at an amount equal to expected credit losses ("ECLs"). The Group uses the simplified ECL approach. When determining whether the credit risk of a financial asset has increased since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on informed credit assessments and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The Group assesses whether the financial asset is credit impaired at each reporting date. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, including but not limited to financial difficulty or default of payment. The Group will write off a financial asset when there is no reasonable expectation of recovering it after considering whether all means to recovery the asset have been exhausted, or the counterparty has been liquidated and the Group has assessed that no recovery is possible.

Any impairment losses are recognised in the statement of profit or loss.

Trade receivables relate to gold sold on the bullion market by Rand Refinery in its capacity as an agent. Settlement is usually received two working days from gold sold date.

15 TRADE AND OTHER RECEIVABLES *continued*

Amounts in R million	2020	2019
Trade receivables	**23.1**	-
Value Added Tax	**83.5**	42.0
Other receivables [1]	**17.3**	25.3
Prepayments	**25.1**	5.5
Allowance for impairment	**(2.6)**	(4.9)
	146.4	67.9

[1] *Other receivables consist of a number of individually insignificant amounts receivable*

CREDIT RISK

The Group is exposed to credit risk on the total carrying value of its trade receivables and other receivables excluding Value Added Tax and prepayments.

The Group manages its exposure to credit risk on trade receivables by maintaining a short term cycle to settlement of 2 working days. The Group manages its exposure to credit risk on other receivables by establishing a maximum payment period of 30 days, and ensuring that counterparties are of good credit standing and transacting on a secured or cash basis where considered necessary. The majority of other receivables comprises of balances with counterparties who have been transacting with the Group for over 5 years and in some of these cases, the counterparties are also suppliers of the Group. Receivables are regularly monitored and assessed for recoverability.

The balances of counterparties who have been assessed as being credit impaired at reporting date are as follows:

	2020		2019	
Amounts in R million	Non-credit impaired	Credit impaired	Non-credit impaired	Credit impaired
Trade receivables	**23.1**	**-**	-	-
Other receivables	**14.7**	**2.6**	23.2	2.1
	37.8	**2.6**	23.2	2.1
Loss allowance	**-**	**(2.6)**	(2.8)	(2.1)

Movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Amounts in R million	2020	2019
Balance at the beginning of the year	**(4.9)**	(9.2)
Impact of adopting IFRS 9 on 1 July 2018		
Impairment recognised on other receivables included in operating costs	**-**	(3.2)
Balance at the beginning of the year after adoption of IFRS 9 *Financial Instruments*	**(4.9)**	(12.4)
Credit loss allowance/impairments recognised included in operating costs	**(0.2)**	(3.1)
Credit loss allowance/impairments reversed included in operating costs	**0.4**	5.3
Credit loss allowance written off against related receivable	**2.1**	5.3
Balance at the end of the year	**(2.6)**	(4.9)

MARKET RISK

Interest rate risk
Trade and other receivables do not earn interest and are therefore not subject to interest rate risk.

Foreign currency risk
Gold is sold at spot rates and is denominated in US Dollars. Gold sales, and thus trade receivables, are therefore exposed to fluctuations in the US Dollar/South African Rand exchange rate. All foreign currency transactions are entered into during the year ended 30 June 2020 were at spot rates and no hedges are entered into.

Figures in USD million	2020	2019
Foreign denomination of trade receivables at 30 June	**1.3**	-

A 10% strengthening of the Rand against the US Dollar at 30 June would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables remain constant.

Amounts in R million	2020	2019
Strengthening of the Rand against the US Dollar	**(2.3)**	-
Weakening of the Rand against the US Dollar	**2.3**	-

FAIR VALUE OF FINANCIAL INSTRUMENTS
The fair value of trade and other receivables approximate their carrying value due to their short-term maturities.

16 TRADE AND OTHER PAYABLES

ACCOUNTING POLICIES

Trade and other payables, excluding payroll accruals, accrued leave pay and provision for performance-based incentives, are non-derivative financial liabilities categorised as financial liabilities measured at amortised cost.

These liabilities are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The Group derecognises a financial liability when its contractual rights are discharged or cancelled or expire.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Amounts in R million	Note	2020	2019
Trade payables and accruals		**348.0**	324.4
Accrued leave pay		**46.9**	39.0
Provision for short term performance based incentives		**50.5**	32.5
Payroll accruals		**33.4**	23.3
		478.8	419.2
Interest relating to trade payables and accruals included in profit or loss		**(1.9)**	(2.0)
RELATED PARTY BALANCES			
Trade payables and accruals include the following amounts payable to related parties:			
Sibanye-Stillwater		**14.0**	4.1
Rand Refinery		**0.2**	0.2

LIQUIDITY RISK

Trade payables and accruals are all expected to be settled within 12 months from reporting date.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of trade payables and accruals approximate their carrying value due to their short-term maturities.

17 INVENTORIES

ACCOUNTING POLICIES

Gold in process is stated at the lower of cost and net realisable value. Costs are assigned to gold in process on a weighted average cost basis. Costs comprise all costs incurred to the stage immediately prior to smelting, including costs of extraction and processing as they are reliably measurable at that point. Gold bullion is stated at the lower of cost and net realisable value. Selling and general administration costs are excluded from inventory valuation.

Consumable stores are stated at cost less allowances for obsolescence. Cost of consumables and stockpile material is based on the weighted average cost principle and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Amounts in R million	2020	2019
Consumable stores	**165.6**	145.2
Gold in process (a)	**95.6**	99.6
Finished inventories - Gold Bullion	**62.2**	59.8
Total inventories	**323.4**	304.6

(a) Gold in process

Gold in process at 30 June 2020 includes stockpiles of sand material trucked to the City Plant amounting to R13.7 million (30 June 2019: R20.3 million).

18 INCOME TAX

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Management periodically evaluates positions taken where tax regulations are subject to interpretation. This includes the treatment of both Ergo and FWGR as single mining operations respectively.

The deferred tax liability is calculated by applying a forecast weighted average tax rate that is based on a prescribed formula. The calculation of the forecast weighted average tax rate requires the use of assumptions and estimates and are inherently uncertain and could change materially over time. These assumptions and estimates include expected future profitability and timing of the reversal of the temporary differences. Due to the forecast weighted average tax rate being based on a prescribed formula that increases the effective tax rate with an increase in forecast future profitability, and *vice versa*, the tax rate can vary significantly year on year and can move contrary to current period financial performance.

A 100 basis points increase in the effective tax rate will result in an increase in the net deferred tax liability at 30 June 2020 of approximately R10.3 million (2019: R8.6 million).

The assessment of the probability that future taxable profits will be available against which the tax losses and unredeemed capital expenditure can be utilised requires the use of assumptions and estimates and are inherently uncertain and could change materially over time.

Capital expenditure is assessed by the South African Revenue Service ("**SARS**") when it is redeemed against taxable mining income rather than when it is incurred. A different interpretation by SARS regarding the deductibility of these capital allowances may therefore become evident subsequent to the year of assessment when the capital expenditure is incurred.

ACCOUNTING POLICIES

Income tax expense comprises current and deferred tax. Each company is taxed as a separate entity and tax is not set-off between the companies.

Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment on tax payable or receivable in respect of the previous year. Amounts are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or OCI. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax assets relating to unutilised tax losses and unutilised capital allowances are recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax losses and unutilised capital allowances can be utilised. The recoverability of these assets is reviewed at each reporting date and adjusted if recovery is no longer probable.

Deferred tax related to gold mining income is measured at a forecast weighted average tax rate that is expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date

Tax on gold mining income is determined based on a formula: $Y = 34 - 170/X$ where Y is the percentage rate of tax payable and X is the ratio of taxable income, net of any qualifying capital expenditure that bears to gold mining income derived, expressed as a percentage. Non-mining income, which consists primarily of interest accrued, is taxed at a standard rate of 28% for all periods presented.

All mining capital expenditure is deducted in the year it is incurred to the extent that it does not result in an assessed loss. Capital expenditure not deducted from mining income is carried forward as unutilised capital allowances to be deducted from future mining income

18 INCOME TAX *continued*

18.1 INCOME TAX EXPENSE

Amounts in R million	2020	2019
Current tax	**(263.2)**	1.6
Mining tax	**(263.2)**	-
Non-Mining, company and capital gains tax	**-**	1.6
Deferred tax	**(80.7)**	(28.2)
Deferred tax charge - Mining tax	**(59.1)**	(14.8)
Deferred tax charge - Non-mining, company and capital gains tax	**(2.1)**	1.6
Deferred tax rate adjustment	**(20.7)**	(15.0)
Recognition of previously unrecognised tax losses of a capital nature	**1.2**	-
	(343.9)	(26.6)
Tax reconciliation		
Major items causing the Group's income tax expense to differ from the statutory rate		
Tax on net profit before tax at the South African corporate tax rate of 28%	**(274.1)**	(30.2)
Rate adjustment to reflect the actual realised company tax rates applying the gold mining formula	**(0.9)**	7.4
Deferred tax rate adjustment (a)	**(20.7)**	(15.0)
Non-deductible expenditure (b)	**(29.3)**	(11.9)
Current year tax losses for which no deferred tax was recognised (c)	**(23.5)**	(2.7)
Exempt income and other non-taxable income	**2.4**	4.4
Other items	**0.4**	16.8
Tax incentives	**0.6**	1.7
Recognition of previously unrecognised tax losses of a capital nature	**1.2**	-
Over provided in prior periods	**-**	2.9
Income tax	**(343.9)**	(26.6)

(a) Deferred tax rate adjustment

The forecast weighted average deferred tax rate increased from 22.0% to 25.0% as a result of an increase in forecast taxable income of Ergo (2019: increased from 20.3% to 22.0% due to the increase in forecast taxable income of Ergo).

(b) Non-deductible expenditure

The most significant non-deductible expenditure incurred by the Group during the year includes:

- R73.2 million depreciation on fair value of property, plant and equipment of FWGR to which the initial recognition exemption applies in terms of IAS 12 *Income Taxes* (2019: R16.6 million);
- R7.1 million discount recognised on Payments made under protest (2019: R6.5 million);
- R14.6 million net operating cost related to Ergo Business Development Academy Not for Profit Company that is not deductible as it is exempt from income tax (2019: R11.3 million); and
- R2.7 million expenditure not incurred in generation of taxable income (2019: R6.0 million).

(c) Current year tax losses for which no deferred tax was recognised

DRDGOLD is not expected to generate adequate future taxable profits against which all of its anticipated future expenses can be deducted.

18 INCOME TAX *continued*

18.2 DEFERRED TAX

Amounts in R million	2020	2019
Included in the statement of financial position as follows:		
Deferred tax assets	**8.0**	10.0
Deferred tax liabilities	**(273.1)**	(193.2)
Net deferred tax liabilities	**(265.1)**	(183.2)
Reconciliation of the deferred tax balance:		
Balance at the beginning of the year	**(183.2)**	(155.0)
Recognised in profit or loss	**(80.7)**	(28.2)
Recognised in other comprehensive income	**(1.2)**	-
Balance at the end of the year	**(265.1)**	(183.2)

The detailed components of the net deferred tax liabilities which result from the differences between the amounts of assets and liabilities recognised for financial reporting and tax purposes are:

Amounts in R million	2020	2019
Deferred tax liabilities		
Property, plant and equipment (excluding unredeemed capital allowances)	**(422.4)**	(380.2)
Environmental rehabilitation obligation funds	**(51.4)**	(32.0)
Other temporary differences [1]	**-**	(0.6)
Investments	**(1.2)**	-
Gross deferred tax liabilities	**(475.0)**	(412.8)
Deferred tax assets		
Environmental rehabilitation obligation	**126.5**	112.6
Other provisions	**72.6**	33.8
Other temporary differences [1]	**8.5**	-
Estimated capital losses	**1.2**	-
Estimated unredeemed capital allowances	**1.1**	83.2
Gross deferred tax assets	**209.9**	229.6
Net deferred tax liabilities	**(265.1)**	(183.2)

[1] *Includes the temporary differences on the lease liability*

Deferred tax assets have not been recognised in respect of the following:

Amounts in R million	2020	2019
Provisions	**20.3**	-
Estimated tax losses	**22.0**	19.4
Estimated tax losses - Capital nature	**324.0**	329.9
Unredeemed capital expenditure	**254.7**	254.8

Deferred tax assets have not been recognised for Group entities that are not expected to generate future taxable profits against which the tax losses, unredeemed capital expenditure and capital losses can be utilised.

19 EMPLOYEE BENEFITS

ACCOUNTING POLICIES

Cash-settled share-based payments ("outgoing long-term incentive")
Cash-settled share-based payments are measured at fair value and remeasured at each reporting date to reflect the potential outflow of cash resources to settle the liability, with a corresponding adjustment in profit or loss. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

Equity settled share-based payments ("new long-term incentive")
The grant date fair value of equity settled share-based payment arrangements is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at vesting date.

Post-retirement medical benefit
The Group's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Amounts in R million	**Note**	**2020**	**2019**
Non-current employee benefits		**10.1**	37.4
Liability for long-term incentive scheme	19.1	**-**	28.4
Liability for post-retirement medical benefits[1]		**10.1**	9.0
Current employee benefits		**227.6**	22.6
Liability for long-term incentive scheme	19.1	**227.6**	22.6
Total employee benefits		**237.7**	**60.0**

[1] *Unfunded medical aid benefit plan*

19.1 CASH SETTLED LONG-TERM INCENTIVE SCHEME ("outgoing LTI scheme")

Terms of the November 2015 grant made under the DRDGOLD Group's outgoing LTI scheme are:

- The scheme has a finite term of 5 years and thus no top-up awards are made when the shares vest;
- The phantom shares are issued at an exercise price of nil and will vest in 3 tranches: 20%, 30% and 50% on the 3rd, 4th and 5th anniversaries respectively, subject to individual service and performance conditions being met; and
- The phantom shares will be settled at the 7 day volume weighted average price ("**VWAP**") of the DRDGOLD share.

The last tranche of the November 2015 grant will vest during November 2020. The outgoing LTI scheme is replaced by a new equity settled long-term incentive scheme (refer note 19.2).

Amounts in R million	**Note**	**2020**	**2019**
Movements in the total liability for long-term incentive scheme is as follows:			
Opening balance		**51.0**	45.1
Increase in long-term incentive liability	5.3	**218.1**	21.4
Vested and paid		**(41.5)**	(15.5)
Total liability for long-term incentive scheme		**227.6**	51.0
The total liability for long-term incentive scheme is expected to be settled as follows:		**227.6**	51.0
Within 12 months after reporting date		**227.6**	22.6
After 12 months after reporting date		**-**	28.4

	2020		**2019**	
Reconciliation of outstanding phantom shares	**Shares Number**	**Weighted average price R per share**	**Shares Number**	**Weighted average price R per share**
Opening balance	16,157,058		20,189,467	
Granted	-	-	388,547	3.37
Vested and paid	(5,674,252)	7.31	(4,037,883)	3.82
Forfeited	(637,168)	7.08	(383,073)	4.37
Closing balance	9,845,638		16,157,058	

19 EMPLOYEE BENEFITS *continued*

19.1 CASH SETTLED LONG-TERM INCENTIVE SCHEME ("outgoing LTI scheme") *continued*

Fair value

The fair value of the liability for the long term incentive scheme is mostly influenced by the DRDGOLD Limited share price. Other inputs influencing the fair value are the forward dividend yield and estimates of staff retention and performance conditions. The inputs most significantly influencing the measurement of the fair values are as follows**:**

	2020	**2019**	**Grant date**
7 day VWAP of the DRDGOLD Limited share	**25.14**	4.37	2.26
Annualised forward dividend yield	**1.0%**	4.3%	4.3%

19.2 EQUITY SETTLED LONG-TERM INCENTIVE SCHEME ("new LTI scheme")

Amounts in R million	**2020**	**2019**
Equity-settled Long-Term Incentive ("LTI") scheme	**6.0**	-

On 2 December 2019, the shareholders approved a new equity settled long-term incentive scheme to replace the cash settled long-term incentive scheme established in November 2015. Under the new LTI scheme, qualifying employees are awarded conditional shares on an annual basis, comprising performance shares (80% of the total conditional shares awarded) and retention shares (20% of the total conditional shares awarded). Conditional shares will vest 3 years after grant date and will be settled in the form of DRDGOLD shares at a zero-exercise price.

The first grant was made on 2 December 2019 and will vest in two tranches, 50% on the 2nd anniversary and the remaining 50% on the 3rd anniversary of the grant date respectively, provided the employee is still within the employment of the Group until the respective vesting dates.

The key conditions of the December 2019 grant made under the long-term incentive scheme are:

Retention shares:
100% of the retention shares will vest if the employee remains in the employ of the Company at vesting date and individual performance criteria are met.

Performance shares:
Total shareholder's return (TSR) measured against a hurdle rate of 15% referencing DRDGOLD's Weighted Average Cost of Capital "WACC":

- 50% of the performance shares are linked to this condition; and
- all of these performance shares will vest if DRDGOLD's TSR exceeds the hurdle rate over the vesting period

TSR measured against a peer group of 3 peers (Sibanye-Stillwater, Harmony Limited and Pan-African Resources Limited):

- 50% of the performance shares are linked to this condition; and
- The number of performance shares which vest is based on DRDGOLD's actual TSR performance in relation to percentiles of peer group's performance as follows:

Percentile of peers	**% of performance shares vesting**
< 25th percentile	**0%**
25th to < 50th percentile	**25%**
50th to < 75th percentile	**75%**
≥ 75th percentile	**100%**

Movement in the number of conditional shares for the reporting period are as follows:

Conditional shares			
Grant date	**2 December 2019**		
Vesting date	**Total**	**2 December 2021**	**2 December 2022**
Opening balance	-	-	-
Granted	5,860,760	2,930,380	2,930,380
Closing balance	5,860,760	2,930,380	2,930,380

19 EMPLOYEE BENEFITS *continued*

19.2 EQUITY-SETTLED LONG-TERM INCENTIVE SCHEME *continued*

Fair value
The weighted average fair value of the performance and retention shares at grant date were determined using the Monte Carlo simulation pricing model applying the following key inputs:

Conditional shares		
Grant date	**2 December 2019**	
Vesting date	**2 December 2021**	**2 December 2022**
Weighted average fair value of 80% performance shares [1]	**4.26**	4.12
Weighted average fair value of 20% retention shares	**5.69**	5.49
Expected term (years)	**2**	3
Grant date share price of a DRDGOLD share	**6.15**	6.15
Expected dividend yield	**3.86%**	3.81%
Expected volatility [2]	**53.80%**	53.80%
Expected risk free rate	**6.68%**	6.80%

[1] The performance conditions are included in the measurement of the grant date fair value as they are classified as market-based performance conditions

[2] Expected volatility has been based on an evaluation of the historical volatility of DRDGOLD's share price, commensurate with the expected term of the options

19.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Emoluments

Amounts in R 000				**2020**				**2019**
Directors / Prescribed Officers	**Remuneration paid during the year**	**Short Term Incentives related to this cycle**	**Long Term Incentives paid during this cycle**	**Total remuneration related to this cycle**	**Remuneration paid during the year**	**Short Term Incentives related to this cycle**	**Long Term Incentives paid during this cycle**	**Total remuneration related to this cycle**
Executive directors								
D J Pretorius	**6 904**	**6 597**	**5 094**	**18 595**	6 481	4 668	1 777	12 926
A J Davel	**3 890**	**3 706**	**2 862**	**10 458**	3 669	2 622	998	7 289
	10 794	**10 303**	**7 956**	**29 053**	10 150	7 290	2 775	20 215
Non-executive directors								
G C Campbell	**1 573**	**-**	**-**	**1 573**	1 514	-	-	1 514
J Turk[1]	**-**	**-**	**-**	**-**	280	-	-	280
E A Jeneker	**861**	**-**	**-**	**861**	916	-	-	916
J A Holtzhausen	**714**	**-**	**-**	**714**	702	-	-	702
T B V N Mnyango	**728**	**-**	**-**	**728**	690	-	-	690
J J Nel	**685**	**-**	**-**	**685**	377	-	-	377
P Lebina	**705**	**-**	**-**	**705**	104	-	-	104
	5 266	**-**	**-**	**5 266**	4 583	-	-	4 583
Prescribed officers								
W J Schoeman	**3 689**	**3 706**	**2 862**	**10 257**	3 479	2 565	998	7 042
R Masemene[2]	**697**	**-**	**-**	**697**	2 478	1 186	609	4 273
E Beukes[3]	**976**	**930**	**-**	**1 906**	-	-	-	-
	5 362	**4 636**	**2 862**	**12 860**	5 957	3 751	1 607	11 315
Total	**21 422**	**14 939**	**10 818**	**47 179**	**20 690**	**11 041**	**4 382**	**36 113**

[1] Services terminated 31 October 2018
[2] Resigned 30 September 2019
[3] Appointed 1 October 2019

Non-executive directors are paid board fees made up of a base fee and committee fees. The Company's MOI makes provision for directors' fees to be determined at the Annual General Meeting.

19. EMPLOYEE BENEFITS *continued*

19.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

Participation in cash-settled long-term incentive scheme

Directors / Prescribed Officers	Opening balance	Vested	Proceeds	Average exercise price	Forfeited	Closing balance
	Number	Number	R	R/share	Number	Number
2020						
Executive directors						
D J Pretorius	1,858,407	(696,903)	5,094,361	7.31	-	1,161,504
A J Davel	1,044,026	(391,510)	2,861,938	7.31	-	652,516
	2,902,433	**(1,088,413)**	**7,956,299**		**-**	**1,814,020**
Prescribed officers						
W J Schoeman	1,044,026	(391,510)	2,861,938	7.31	-	652,516
R Masemene	637,168	-	-	7.31	(637,168)	-
	1,681,194	**(391,510)**	**2,861,938**		**(637,168)**	**652,516**
Total	**4,583,627**	**(1,479,923)**	**10,818,237**		**(637,168)**	**2,466,536**
2019						
Executive directors						
D J Pretorius	2,323,009	(464,602)	1,777,065	3.82	-	1,858,407
A J Davel	1,305,033	(261,007)	998,331	3.82	-	1,044,026
	3,628,042	**(725,609)**	**2,775,396**		**-**	**2,902,433**
Prescribed officers						
W J Schoeman	1,305,033	(261,007)	998,331	3.82	-	1,044,026
R Masemene	796,460	(159,292)	609,279	3.82	-	637,168
	2,101,493	**(420,299)**	**1,607,610**		**-**	**1,681,194**
Total	**5,729,535**	**(1,145,908)**	**4,383,006**		**-**	**4,583,627**

Participation in equity-settled long-term incentive scheme

Directors / Prescribed Officers	Opening balance	Granted	Closing balance
	Number	Number	Number
2020			
Executive directors			
D J Pretorius	-	1,069,321	1,069,321
A J Davel	-	517,522	517,522
	-	**1,586,843**	**1,586,843**
Prescribed officers			
W J Schoeman	-	517,522	517,522
E Beukes	-	76,362	76,362
	-	**593,884**	**593,884**
Total	**-**	**2,180,727**	**2,180,727**

19 EMPLOYEE BENEFITS *continued*

19.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Interests in contracts

None of the directors, officers or major shareholders of DRDGOLD or, to the knowledge of DRDGOLD's management, their families, had any interest, direct or indirect, in any transaction entered into during the year ended 30 June 2020 or the preceding financial years, or in any proposed transaction which has affected or will materially affect DRDGOLD or its subsidiaries other than disclosed in these financial statements. None of the directors or officers of DRDGOLD or any associate of such director or officer is currently or has been at any time during the past financial year materially indebted to DRDGOLD.

Key management personnel remuneration

Amounts in R million	Note	2020	2019
- Board fees paid		**6.2**	5.8
- Salaries paid		**67.3**	61.7
- Short term incentives relating to this cycle		**63.6**	31.5
- Long term incentives paid during the cycle	19.1	**41.5**	15.5
- Retrenchments		**-**	1.6
		178.6	116.1

20 CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to ensure that adequate capital is available to meet the requirements of the Group from time to time, including capital expenditure. The Group considers the appropriate capital management strategy for specific growth projects as and when required. Lease liabilities are not considered to be debt.

Liquidity management

At 30 June 2020 and 30 June 2019 the Group's facilities included an undrawn R300 million Revolving Credit Facility ("RCF") which was initially secured to finance the development of Phase 1 of FWGR as well as the general working capital requirements of the Group. In December 2018, R125 million of the RCF was committed to issue a guarantee to Ekurhuleni Local Municipality (refer note 24).

In September 2020, the RCF was amended to a R200 million uncommitted facility and extended for an additional term of 2 years with a final repayment date of September 14, 2022.

The initial and amended RCF permits a consolidated debt ratio (net debt to adjusted EBITDA) of at most 2:1 and a consolidated interest coverage ratio (net interest to adjusted EBITDA) of at least 4:1 calculated on a twelve-month rolling basis respectively. Management monitors the covenant ratio levels to ensure compliance with the covenants, as well as maintain sufficient uncommitted facilities to ensure satisfactory liquidity for the Group. The covenant ratios were not breached during the year ended 30 June 2020.

The amendment included the reduction of the initial interest rate margin of 3.25% to 2.75%. A pledge and cession of DRDGOLD's shares in and shareholder claims against Ergo Mining Proprietary Limited and Far West Gold Recoveries Proprietary limited remains in place as security for the RCF.

21 EQUITY

ACCOUNTING POLICIES

Stated share capital
Ordinary shares and the cumulative preference shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

Repurchase and reissue of share capital (treasury shares)
When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from stated share capital.

Dividends
Dividends are recognised as a liability on the date on which they are declared which is the date when the shareholders' right to the dividends vests.

21.1 STATED SHARE CAPITAL

All ordinary shares rank equally regarding the Company's residual assets. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

In terms of an ordinary resolution passed at the previous annual general meeting, the remaining unissued ordinary shares in the company are under the control of the directors until the next general meeting.

Amounts in R million	2020	2019
Authorised share capital		
1,500,000,000 (2019: 1,500,000,000) ordinary shares of no par value		
5,000,000 (2019: 5,000,000) cumulative preference shares of 10 cents each	**0.5**	0.5
Issued share capital		
864,588,711 (2019: 696,429,767) ordinary shares of no par value (a)	**6,208.4**	5,123.3
9,474,920 (2019: 9,474,920) treasury shares held within the Group (b)	**(51.0)**	(51.0)
5,000,000 (2019: 5,000,000) cumulative preference shares of 10 cents each	**0.5**	0.5
	6,157.9	5,072.8

RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Ordinary shares issued
Sibanye-Stillwater and its subsidiaries and associates became related parties to the Group on 31 July 2018 when the acquisition of FWGR became unconditional. DRDGOLD issued 265 million new ordinary shares (38.05% of its outstanding shares) and an option to subscribe for new ordinary shares up to a total of 50.1% of the total issued ordinary shares of DRDGOLD ("**Option**") as purchase consideration for these assets.

On 8 January 2020 Sibanye-Stillwater exercised the Option and on 22 January 2020 it subscribed for 168,158,944 Shares ("**Subscription Shares**") at an aggregate subscription price of R1,085.6 million. The Subscription Shares were allotted and issued at a price of R6.46 per Share, being a 10% discount to the 30-day volume weighted average traded price of a Share on the day immediately prior to the date of exercise of the Option.

(b) Treasury shares
Shares in DRDGOLD Limited are held in treasury by Ergo Mining Operations Proprietary Limited ("**EMO**"). No shares were acquired in the market during the year ended 30 June 2020 (30 June 2019: 113,849 shares were acquired at an average price of R2.68). Dividends amounting to R6.6 million were received on these shares during the current year (2019: nil).

21 EQUITY *continued*

21.2 DIVIDENDS

Amounts in R million	2020	2019
Dividends paid during the year net of treasury shares:		
Final dividend declared relating to prior year: 20 SA cents per share (2019: nil SA cents per share)	137.5	-
First interim dividend: 25 SA cents per share (2019: nil SA cents per share)	213.8	-
Second interim dividend 25 SA cents per share (2019: nil SA cents per share)	213.8	-
Total	565.1	-

After 30 June 2020, a dividend of 35 cents per qualifying share amounting to R299.3 million was approved by the directors as a final dividend for the year ended 30 June 2020. The dividend has not been provided for and does not have any tax impact on the Company.

22 INTEREST IN SUBSIDIARIES

ACCOUNTING POLICIES

Significant subsidiaries of the Group are those subsidiaries with the most significant contribution to the Group's profit or loss or assets.

Ergo Mining Proprietary Limited and Far West Gold Recoveries Proprietary Limited are the only significant subsidiaries of the Group. They are both wholly owned subsidiaries and are incorporated in South Africa, are primarily involved in the retreatment of surface gold and all their operations are based in South Africa.

A complete list of the Group's subsidiaries is included in the Company financial statements of DRDGOLD Limited.

23 OPERATING SEGMENTS

ACCOUNTING POLICIES

Operating segments are reported in a manner consistent with internal reports that the Group's chief operating decision maker (CODM) reviews regularly in allocating resources and assessing performance of operating segments. The CODM has been identified as the Group's Executive Committee. The Group has one revenue stream, the sale of gold. To identify operating segments, management reviewed various factors, including operational structure and mining infrastructure. It was determined that an operating segment consists of a single or multiple metallurgical plants and reclamation sites that, together with its tailings storage facility, is capable of operating independently.

When assessing profitability, the CODM considers, *inter alia*, the revenue and production costs of each segment. The net of these amounts is the operating profit or loss. Therefore, operating profit has been disclosed in the segment report as the primary measure of profit or loss. The CODM also considered other costs that, in addition to the operating profit or loss, result in the working profit or loss.

Ergo is a surface gold retreatment operation which treats old slime dams and sand dumps to the south of Johannesburg's central business district as well as the East and Central Rand goldfields. The operation comprises three plants. The Ergo and Knights plants continue to operate as metallurgical plants. The City Deep plant continues to operate as a pump/milling station feeding the metallurgical plants.

FWGR is a surface gold retreatment operation and treats old slime dams in the West Rand goldfields. Phase 1, which entails the reconfiguration of the Driefontein 2 plant and relevant infrastructure to process tailings from the Driefontein 5 slimes dam and deposit residues on the Driefontein 4 Tailings Storage Facility, was commissioned on 1 April 2019.

Corporate office and other reconciling items (collectively referred to as **"Other reconciling items"**) are taken into consideration in the strategic decision-making process of the chief operating decision maker and are therefore included in the disclosure here, even though they do not earn revenue. This includes taking into consideration the Group's adjusted EBITDA for the purpose of the covenants imposed by the Company's borrowings that was initially entered into to finance the development of Phase 1 of FWGR and working capital requirements of the Group (refer note 20).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2020

23 OPERATING SEGMENTS *continued*

2020 Amounts in R million	Ergo	FWGR	Other reconciling items	Total
Financial performance				
Revenue (External)	3,064.3	1,120.7	-	4,185.0
Cash operating costs	(2,274.0)	(352.0)	-	(2,626.0)
Movement in gold in process and finished inventories - Gold Bullion	1.8	1.3	-	3.1
Operating profit	792.1	770.0	-	1,562.1
Administration expenses and other costs	(131.6)	(20.7)	(157.6)	(309.9)
Interest income [1]	13.9	2.9	50.6	67.4
Interest expense [2]	(5.2)	-	(4.5)	(9.7)
Current tax	(145.8)	(117.4)	-	(263.2)
Working profit/(loss) before additions to property, plant and equipment	523.4	634.8	(111.5)	1,046.7
Additions to property, plant and equipment	(114.4)	(68.0)	(0.3)	(182.7)
Working profit/(loss) after additions to property, plant and equipment	409.0	566.8	(111.8)	864.0

[1] *Interest income excludes the unwinding of the Payments made under protest*
[2] *Interest expense excludes the discount recognised on the initial recognition of the Payments made under protest*

	Ergo	FWGR	Other reconciling items	Total
Reconciliation of profit/(loss) for the year to working profit/(loss) before additions to property, plant and equipment				
Profit/(loss) for the year	297.1	424.9	(87.0)	635.0
- Deferred tax	(6.6)	86.5	0.8	80.7
- Net other operating costs/(income)	51.5	14.8	(24.5)	41.8
- Ongoing rehabilitation expenditure	22.3	2.0	-	24.3
- Discount recognised on Payments made under protest including subsequent unwinding	3.2	-	-	3.2
- Unwinding of provision for environmental rehabilitation	36.5	14.3	1.2	52.0
- Growth in investment in environmental obligation funds	(11.2)	(25.2)	(2.1)	(38.5)
- Other income	(0.7)	-	-	(0.7)
- Change in estimate of environmental rehabilitation recognised in profit or loss	(19.1)	(2.1)	(0.7)	(21.9)
- Depreciation	150.4	119.6	0.8	270.8
Working profit/(loss) before additions to property, plant and equipment	523.4	634.8	(111.5)	1,046.7

	Ergo	FWGR	Other reconciling items	Total
Statement of cash flows				
Cash inflows from operating activities	546.1	563.1	19.7	1,128.9
Cash outflows from investing activities	(135.7)	(60.1)	(6.7)	(202.5)
Cash (outflows)/inflows from financing activities	(405.5)	(500.8)	1,415.5	509.2

	Total
Reconciliation of adjusted EBITDA	
Profit for the year	**635.0**
Income tax	343.9
Profit before tax	**978.9**
Finance expense	68.8
Finance income	(109.8)
Results from operating activities	**937.9**
Depreciation	270.8
Share-based payment expense	224.1
Change in estimate of environmental rehabilitation recognised in profit or	(21.9)
Gain on disposal of property, plant and equipment	(0.7)
Transaction costs	1.4
Adjusted EBITDA [1]	1,411.6

[1] *Adjusted EBITDA (that was considered from the year ended 30 June 2019 following the initial RCF agreement) may not be comparable to similarly titled measures of other companies. Adjusted EBITDA is not a measure of performance under IFRS and should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity.*

23 OPERATING SEGMENTS *continued*

2019 Amounts in R million	Ergo	FWGR	Other reconciling items	Total
Financial performance				
Revenue (External)	2,577.5	184.6	-	2,762.1
Cash operating costs	(2,311.1)	(111.8)	-	(2,422.9)
Movement in gold in process and finished inventories - Gold Bullion	16.4	16.2	-	32.6
Operating profit	282.8	89.0	-	371.8
Retrenchment costs	(1.6)	(4.7)	-	(6.3)
Administration expenses and other costs	(12.0)	(2.3)	(76.6)	(90.9)
Interest income [1]	6.5	-	10.4	16.9
Interest expense [2]	(2.4)	-	(3.2)	(5.6)
Current tax	1.6	-	-	1.6
Working profit/(loss) before additions to property, plant and equipment	274.9	82.0	(69.4)	287.5
Additions to property, plant and equipment	(22.8)	(330.7)	(0.2)	(353.7)
Working profit/(loss) after additions to property, plant and equipment	252.1	(248.7)	(69.6)	(66.2)

[1] Interest income excludes the unwinding of the Payments made under protest
[2] Interest expense excludes the discount recognised on the initial recognition of the Payments made under protest

	Ergo	FWGR	Other reconciling items	Total
Reconciliation of profit/(loss) for the year to working profit/(loss) before additions to property, plant and equipment				
Profit/(loss) for the year	82.3	28.7	(32.5)	78.5
- Deferred tax	16.2	13.4	(1.4)	28.2
- Net other operating costs/(income)	40.2	15.4	(25.7)	29.9
- Ongoing rehabilitation expenditure	16.6	1.7	-	18.3
- Discount recognised on Payments made under protest including subsequent unwinding	3.5	-	-	3.5
- Unwinding of provision for environmental rehabilitation	45.4	19.6	1.3	66.3
- Growth in investment in environmental obligation funds	(11.3)	(22.5)	(4.6)	(38.4)
- Other income	(2.2)	-	(5.7)	(7.9)
- Change in estimate of environmental rehabilitation recognised in profit or loss	(58.6)	-	(1.4)	(60.0)
- Depreciation	142.8	25.7	0.6	169.1
Working profit/(loss) before additions to property, plant and equipment	274.9	82.0	(69.4)	287.5
Statement of cash flows				
Cash inflows/(outflows) from operating activities	221.7	89.3	(22.7)	288.3
Cash (outflows)/inflows from investing activities	(39.4)	(324.4)	60.8	(303.0)
Cash (outflows)/inflows from financing activities	(291.7)	236.7	47.1	(7.9)

Reconciliation of adjusted EBITDA	
Profit for the year	78.5
Income tax	26.6
Profit before tax	105.1
Finance expense	78.4
Finance income	(58.3)
Results from operating activities	125.2
Depreciation	169.1
Share-based payment expense	21.4
Change in estimate of environmental rehabilitation recognised in profit or loss	(60.0)
Gain on financial instruments at fair value through profit or loss	(2.1)
Gain on disposal of property, plant and equipment	(5.8)
Retrenchment costs	6.3
Adjusted EBITDA [1]	254.1

[1] Adjusted EBITDA (that was considered from the year ended 30 June 2019 following the initial RCF agreement) may not be comparable to similarly titled measures of other companies. Adjusted EBITDA is not a measure of performance under IFRS and should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity.

24 PAYMENTS MADE UNDER PROTEST

SIGNIFICANT ACCOUNTING JUDGEMENTS

Payments made under protest

The determination of whether the payments made under protest give rise to an asset or a contingent asset or neither, required the use of significant judgement. The definition of an asset in the conceptual framework was applied, with the consideration of the facts and circumstances surrounding the payments made under protest. In applying the definition of an asset management considered the following:

- payments were made under protest and without prejudice or admission of liability. Such payments were not made as a settlement of debt or recognition of expenditure;
- the Group therefore retains a right to recover the payments from the City of Ekurhuleni Metropolitan Municipality ("**Municipality**") if the Group is successful in the Main Application;
- if the Group is not successful in the Main Application, the payments will be used to settle the resultant liability to the Municipality; and
- these two possible outcomes (i.e. success in the Main Application or not) therefore, will lead to economic benefits to the Group.

Therefore, the right to recover the payments made under protest is not a contingent asset because it meets the definition and recognition criteria of an asset.

No specific guidance exists in developing an accounting policy for such asset. Therefore management applied judgement in developing an accounting policy that would lead to information that is relevant to the users of these financial statements and information that can be relied upon.

Contingent liabilities

The assessment of whether an obligating event results in a liability or a contingent liability requires the exercise of significant judgement of the outcome of future events that are not wholly within the control of the Group.

Litigation and other judicial proceedings inherently entail complex legal issues that are subject to uncertainties and complexities and are subject to interpretation.

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

The discounted amount of the Payments made under protest is determined using assumptions about the future that are inherently uncertain and can change materially over time and includes the discount rate and discount period.

These assumptions about the future include estimating the timing of concluding on the main application, i.e. the discount period, the ultimate settlement terms, the discount rate applied and the assessment of recoverability.

ACCOUNTING POLICIES

Payments made under protest

Recognition and measurement

The asset that arises from the Municipality Electricity Tariff Dispute and that are payments made under protest is initially measured at a discounted amount and any difference between the face value of payments made under protest and the discounted amount on initial recognition is recognised in profit or loss as a finance expense. Subsequent to initial recognition, the Payments made under protest is measured using the effective interest method to unwind the discounted amount to the original face value less any write downs for recovery. Unwinding of the carrying value and changes in the discount period are recognised in profit or loss.

Assessment of recoverability

The discounted amount of the payments under protest is assessed at each reporting date to determine whether there is any objective evidence that the full amount is no longer expected to be recovered. The Group considers the reasonable and supportable information related to the creditworthiness of Ekurhuleni Metropolitan Municipality and events surrounding the outcome of the Main Application. Any write down is recognised in profit or loss.

Contingent liabilities

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured. When the Group has a present obligation, an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

24 PAYMENTS MADE UNDER PROTEST *continued*

Ekurhuleni Metropolitan Municipality ("Municipality") Electricity Tariff Dispute

There are primarily 3 (three) legal proceedings for which relief has been sought in the appropriate legal fora and all of which fall within the jurisdiction of the High Court of South Africa, Gauteng Local Division, Johannesburg. These comprise of an application brought by Ergo and actions brought under two summonses by the Municipality.

In order to operate the Ergo Plant and conduct its business operations, Ergo requires a reliable and steady feed of electricity which it draws from the Ergo Central Substation.

Over the past several years the Municipality has charged Ergo for such electricity, at the Megaflex tariff at which ESKOM Holdings SOC Limited ("**ESKOM**") charges its large power users plus an additional surcharge, as it still does; and Ergo paid therefor.

Pursuant to its own investigations, and after having sought legal advice on the matter, Ergo determined that only ESKOM may legitimately charge it for the electricity so drawn and consumed at the Ergo Plant, specifically from the Ergo Central Substation. Despite this, ESKOM refused to either accept payment from Ergo in respect of such electricity consumption or to conclude a consumer agreement with it.

In December 2014, Ergo instituted legal proceedings by way of an application ("**Main Application**") against the Municipality and ESKOM as well as the National Energy Regulator of South Africa ("**NERSA**"), the Minister of Energy, the Minister of Co-operative Governance & Traditional Affairs and the South African Local Government Association, the latter 4 (four) respondents against whom Ergo does not seek any relief.

Ergo seeks the undermentioned relief:
- declaring that the Municipality does not supply electricity to it at the Ergo Plant;
- declaring that the Municipality is in breach of its temporary Distribution Licence (issued by NERSA) by purporting to supply electricity to Ergo at the Ergo Plant;
- declaring that neither the Municipality nor ESKOM may lawfully insist that only the Municipality may supply electricity to Ergo at the Ergo Plant;
- declaring that ESKOM presently supplies electricity to Ergo at the Ergo Plant; and
- directing ESKOM to conclude a consumer agreement with Ergo for the supply of electricity at the Ergo Plant at its Megaflex tariff.

The Municipality has since issued two summonses ("**Summonses**") for the recovery of arrears it alleges it is owed amounting to R74.0 million and R31.6 million, respectively.

In the interest of the proper administration of justice, the Main Application was postponed by agreement between the parties and a case manager was appointed to determine a collaborative process to facilitate the effective and efficient court scheduling and coordination of both the Main Application and the Summonses.

In order to secure uninterrupted supply of electricity, Ergo has made payment and continues to pay for consumption at the amended and lower "J-Tariff", albeit under protest and without prejudice and/or admission of liability. Whilst still deemed to be disproportionate, the J-Tarif is significantly lower than the previously imposed "D-Tariff". The Group recognised an asset for these payments that are made "under protest".

Ergo has also brought an application for the consolidation of both the Main Application and the actions brought under the Summonses.

The group supported by the external legal team is confident that there is a high probability that Ergo will be successful in the Main Application and defending the Summonses. Therefore, there is no present obligation as a result of a past event to pay the amounts claimed by the Municipality.

Amounts in R million	**Note**	**2020**	**2019**
Balance at the beginning of the year		**27.6**	19.4
Payments made under protest		**10.6**	11.7
Discount on initial payment made under protest	7	**(7.1)**	(6.5)
Unwinding	6	**3.9**	3.0
Balance at the end of the year		**35.0**	27.6

The balance at the end of the year was based on the following assumptions:
- discount rate: 11.68% (2019: 11.68%) representing the Municipality maximum cost of borrowing on bank loans as disclosed in their 30 June 2019 annual report; and
- discount period: 30 June 2022 (2019: 30 June 2021) representing management's best estimate of the date of conclusion of the Main Application.

25 OTHER INVESTMENTS

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

The fair value of the listed equity instrument is determined based on quoted prices on an active market. Equity instruments which are not listed on an active market are measured using other applicable valuation techniques depending on the extent to which the technique maximises the use of relevant observable inputs and minimizes the use of unobservable inputs. Where discounted cash flows are used, the estimated cash flows are based on management's best estimate based on readily available information at measurement date. The discounted cash flows contain assumptions about the future that are inherently uncertain and can change materially over time.

ACCOUNTING POLICIES

On initial recognition of an equity investment that is not held for trading, the Group may make an irrevocable election to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value and changes therein are recognised in OCI, and are never reclassified to profit or loss, with dividends recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

The Group's listed and unlisted investments in equity securities are classified as equity instruments at fair value through other comprehensive income (OCI).

Amounts in R million	Shares held	% held	2020	2019
Listed investments (Fair value hierarchy Level 1):				
West Wits Mining Limited ("**WWM**") [1]	47,812,500	5.1%	**12.0**	3.3
Total listed investments			**12.0**	3.3
Unlisted investments (Fair value hierarchy Level 3):				
Rand Refinery Proprietary Limited ("**Rand Refinery**") [2]	44,438	11.3%	**178.4**	-
Rand Mutual Assurance Company Limited B Share Business Fund ("**RMA**") [2,3]	12,659	1.3%	**4.7**	-
Guardrisk Insurance Company Limited (Cell Captive A170) [2,4]	20	#	**0.1**	0.1
Chamber of Mines Building Company Proprietary Limited [2]	42,292	4.5%	**0.1**	0.1
Total unlisted investments			**183.3**	0.2
Balance at the end of the year			**195.3**	3.5
Dividends received on equity instruments at fair value through OCI (RMA)	6		**(4.3)**	-
Fair value adjustment on equity instruments at fair value through OCI			**191.8**	(5.9)

[1] *Listed*

[2] *Unlisted*

[3] *The 1 "B Share Business Fund" share relates to all the businesses of the RMA Group that do not relate to the Compensation for Occupational Injuries and Diseases Act*

[4] *The shares held entitles the holder to 100% of the residual net equity of Cell Captive A 170 after settlement of the reimbursive right*

MARKET RISK

Other market price risk
Equity price risk arises from changes in quoted market prices of listed investments as well as changes in the fair value of unlisted investments due to changes in the underlying net asset values.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Listed investments
The fair values of listed investments are determined by reference to published price quotations from recognised securities exchanges and constitute level 1 instruments in the fair value hierarchy.

Unlisted investments
The fair values of unlisted investments are determined through valuation techniques that include inputs that are not based on observable market data and constitute level 3 instruments in the fair value hierarchy.

25 OTHER INVESTMENTS *continued*

Investment in Rand Refinery

During the current reporting period, Rand Refinery demonstrated increased stability in its operations, continued ability to meet budget and made a substantial redemption of redeemable preference shares to its other shareholders, therefore strengthening its financial position. DRDGOLD does not hold any redeemable preference shares in Rand Refinery. Rand Refinery also benefited from significant increases in Krugerrand sales and the increase in the Rand denominated gold price.

Historically the fair value of Rand Refinery was estimated to be *de minimus*, however because of the above aforementioned factors, the fair value of Rand Refinery has been significantly impacted and it is no longer reasonable to estimate fair value as *de minimus*.

The fair value of DRDGOLD's 11.3% interest in Rand Refinery at year end is estimated to be R178.4 million. The investment is designated as an equity instrument at fair value through other comprehensive income.

In accordance with IFRS 13 *Fair Value Measurement*, the income approach has been established to be the most appropriate basis to estimate the fair value in the current year. This method relies on the future budgeted cash flows as determined by Rand Refinery.

Management engaged the use of an independent external valuation expert to assist with the valuation. The Rand Refinery operations (excluding Prestige Bullion) were valued using the Free Cash Flow model, whereby an enterprise value using a Gordon Growth formula for the terminal value was estimated. The dividends received by Rand Refinery from joint venture – Prestige Bullion were valued using a finite life dividend discount model as Rand Refinery's shareholding will be reduced to nil in 2032. The fair value measurement uses significant unobservable inputs and relates to a fair value hierarchy level 3 financial instrument.

Key observable/unobservable inputs into the model include:

Amounts in R million	Observable/unobservable input	
Rand Refinery operations		
Average gold price	Observable input	R852,098/kg
Average silver price	Observable input	R9,453/kg
Average South African CPI	Observable input	4.8%
Terminal growth rate	Unobservable input	5.0%
Weighted average cost of capital	Unobservable input	15.1%
Investment in Prestige Bullion		
Discount period	Unobservable input	13 years
Cost of equity	Unobservable input	13.2%

Marketability and minority discounts (both unobservable inputs) were also applied of 16.5% and 17.0% respectively. The latest budgeted cash flow forecasts provided by Rand Refinery as at 30 June 2020 was used, and therefore classified as an unobservable input into the models.

Sensitivity analysis

The fair value measurement is most sensitive to the Rand denominated gold price and volumes. The higher the gold price and volumes, the higher the fair value of the investment in Rand Refinery. The below table indicates the extent of sensitivity of the fair value to the inputs:

		Input		% change in OCI, net of tax	
Amounts in R million		**Increase**	**Decrease**	**Increase**	**Decrease**
Rand Refinery operations					
Rand US Dollar exchange rate	Observable inputs	1%	(1%)	2.1%	(2.2%)
Commodity prices (Gold and silver)	Observable inputs	1%	(1%)	1.7%	(1.8%)
Volumes	Unobservable inputs	1%	(1%)	2.0%	(2.0%)
Weighted average cost of capital	Unobservable inputs	1%	(1%)	(1.7%)	2.0%
Minority discount	Unobservable inputs	1%	(1%)	(1.2%)	1.2%
Marketability discount	Unobservable inputs	1%	(1%)	(1.2%)	1.2%
Investment in Prestige Bullion					
Cost of equity	Unobservable inputs	1%	(1%)	(1.3%)	1.4%
Prestige Bullion dividend forecast	Unobservable inputs	1%	(1%)	0.4%	(0.4%)

Impact of the COVID 19 pandemic

The COVID-19 pandemic had an impact on the gold market and the operations of Rand Refinery as a result of the South African national lockdown. The first year budget cash flows have been adjusted based on relevant information available as at 30 June 2020, regarding the estimated impact going forward and on the assumption that operations will normalise by November 2020.

26 CONTINGENCIES

SIGNIFICANT ACCOUNTING JUDGEMENTS

The assessment of whether an obligating event results in a liability or a contingent liability requires the exercise of significant judgement of the outcome of future events that are not wholly within the control of the Group.

Litigation and other judicial proceedings inherently entail complex legal issues that are subject to uncertainties and complexities and are subject to interpretation.

ACCOUNTING POLICIES

Contingent liabilities
A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured. When the Group has a present obligation, an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

Contingent assets
Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of the entity. Contingent assets are not recognised, but they are disclosed when it is more likely than not that an inflow of benefits will occur. However, when the inflow of benefits is virtually certain an asset is recognised in the statement of financial position, because that asset is no longer considered to be contingent

26.1 CONTINGENT LIABILITY FOR OCCUPATIONAL LUNG DISEASES

On 3 May 2018, former mineworkers and dependents of deceased mineworkers (“**Applicants**”) and Anglo American South Africa Limited, AngloGold Ashanti Limited, Sibanye Gold Limited trading as Sibanye-Stillwater, Harmony Gold Mining Company Limited, Gold Fields Limited, African Rainbow Minerals Limited and certain of their affiliates (“**Settling Companies**”) settled the class certification application in which the Applicants in each sought to certify class actions against gold mining houses cited therein on behalf of mineworkers who had worked for any of the particular respondents and who suffer from any occupational lung disease, including silicosis or tuberculosis.

The DRDGOLD Respondents, comprising DRDGOLD Limited and East Rand Proprietary Mines Limited, are not a party to the settlement between the Applicants and Settling Companies. The settlement agreement is not binding on the DRDGOLD Respondents. The dispute, insofar as the class certification application and appeal thereof is concerned, still stands and has not terminated in light of the settlement agreement.

DRDGOLD maintains the view that it is too early to consider settlement of the matter, mainly for the following reasons:
• the Applicants have as yet not issued and served a summons (claim) in the matter;
• there is no indication of the number of potential claimants that may join the class action against the DRDGOLD Respondents;
• many principles upon which legal responsibility is founded, are required to be substantially developed by the trial court (and possibly subsequent courts of appeal) to establish liability on the bases alleged by the applicants.

In light of the above there is inadequate information to determine if a sufficient legal and factual basis exists to establish liability, and to quantify such potential liability.

26.2 CONTINGENT LIABILITY FOR ENVIRONMENTAL REHABILITATION

Mine residue deposits may have a potential pollution impact on ground water through seepage. The Group has taken certain preventative actions as well as remedial actions in an attempt to minimise the Group’s exposure and environmental contamination.

The flooding of the western and central basins has the potential to cause pollution due to Acid Mine Drainage (“**AMD**”) contaminating the ground water. The government has appointed Trans-Caledon Tunnel Authority (“**TCTA**”) to construct a partial treatment plant to prevent the ground water being contaminated. TCTA completed the construction of the neutralisation plant for the Central Basin and commenced treatment during July 2014. As part of the heads of agreement signed in December 2012 between EMO, Ergo, ERPM and TCTA, sludge emanating from this plant since August 2014 has been co-disposed onto the Brakpan Tailings Storage facility. Partially treated water has been discharged by TCTA into the Elsburg Spruit.

This agreement includes the granting of access to the underground water basin through one of ERPM’s shafts and the rental of a site onto which it constructed its neutralisation plant. In exchange, Ergo and its associate companies including ERPM have a setoff against any future directives to make any contribution toward costs or capital of up to R250 million. Through this agreement, Ergo also secured the right to purchase up to 30 Ml of partially treated AMD from TCTA at cost, to reduce Ergo’s reliance on potable water for mining and processing purposes.

While the heads of agreement should not be seen as an unqualified endorsement of the state’s AMD solution, and do not affect our right to either challenge future directives or to implement our own initiatives should it become necessary, it is an encouraging development.

In view of the limitation of current information for the accurate estimation of a potential liability, no reliable estimate can be made for the possible obligation.

26 CONTINGENCIES *continued*

26.3 CONTINGENCIES REGARDING EKURHULENI METROPOLITAN MUNICIPALITY ELECTRICITY TARIFF DISPUTE

Refer note 24 PAYMENTS MADE UNDER PROTEST for a full description of the matter.

Contingent liability
The Municipality has issued two summonses for the recovery of arrears it alleges it is owed amounting to R74.0 million and R31.6 million, respectively. The group supported by the external legal team is confident that there is a high probability that Ergo will be successful in defending the Summonses. Therefore, there is no present obligation as a result of a past event to pay the amounts claimed by the Municipality.

Contingent asset
Ergo instituted a counterclaim against the Municipality for the recovery of the surcharges which were erroneously paid to the Municipality in the bona fide belief that they were due and payable prior to the Main Application of approximately R43 million (these surcharges were expensed for accounting purposes).

27 FINANCIAL INSTRUMENTS

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset shall be measured at amortised cost if both the following conditions are met:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- It is held with a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FINANCIAL RISK MANAGEMENT FRAMEWORK

Overview
The Group has exposure to credit risk, liquidity risks, as well as other market risks from its use of financial instruments. This note presents information about the Group's exposure to each of the above risks, the Group's objectives and policies and processes for measuring and managing risk. The Group's management of capital is disclosed in note 20. This note must be read with the quantitative disclosures included throughout these consolidated financial statements.

The board of directors ("**Board**") has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Committee ("**ARC**"), which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The ARC oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARC is assisted in its oversight role by the internal audit function. The internal audit function undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARC.

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables.

The Group's financial instruments do not represent a concentration of credit risk due to the exposure to credit risk being managed as disclosed in the following notes:

NOTE 12 INVESTMENTS IN REHABILITATION OBLIGATION FUNDS
NOTE 13 CASH AND CASH EQUIVALENTS
NOTE 15 TRADE AND OTHER RECEIVABLES

27 FINANCIAL INSTRUMENTS *continued*

FINANCIAL RISK MANAGEMENT FRAMEWORK *continued*

MARKET RISK

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the consolidated profit or loss or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Commodity price risk
Additional disclosures are included in the following note:
NOTE 4 REVENUE

Other market risk
Additional disclosures are included in the following note:
NOTE 25 OTHER INVESTMENTS

Interest rate risk
Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Group receives cash from its operations and is obliged to fund working capital and capital expenditure requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. Lower interest rates result in lower returns on investments and deposits and also may have the effect of making it less expensive to borrow funds at then current rates. Conversely, higher interest rates result in higher interest payments on loans and overdrafts.

Additional disclosures are included in the following notes:
NOTE 12 INVESTMENTS IN REHABILITATION OBLIGATION FUNDS
NOTE 13 CASH AND CASH EQUIVALENTS

Foreign currency risk
The Group enters into transactions denominated in foreign currencies, such as gold sales denominated in US dollar, in the ordinary course of business. This exposes the Group to fluctuations in foreign currency exchange rates.

Additional disclosures are included in the following notes:
NOTE 15 TRADE AND OTHER RECEIVABLES

LIQUIDITY RISK
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Additional disclosures are included in the following note:
NOTE 10.2 LEASES
NOTE 16 TRADE AND OTHER PAYABLES
NOTE 20 CAPITAL MANAGEMENT

28 RELATED PARTIES

Disclosures are included in the following notes:
NOTE 5 COST OF SALES
NOTE 16 TRADE AND OTHER PAYABLES
NOTE 19.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL
NOTE 21 EQUITY
NOTE 22 INTEREST IN SUBSIDIARIES

29 SUBSEQUENT EVENTS

There were no significant subsequent events between the year-end reporting date of 30 June 2020 and the date of issue of these financial statements other than described below and included in the preceding notes to the consolidated financial statements.

Declaration of dividend

On 1 September 2020, the Board declared a final dividend for the year ended 30 June 2020 of 35 SA cents per qualifying share amounting to R299.3 million, which was paid on 28 September 2020.

Amendment of RCF

On 14 September 2020, DRDGOLD amended and extended its RCF. Refer note 20 CAPITAL MANAGEMENT for details of the amendment.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

Amounts in R million	Note	2020	2019
Revenue	4	**37.5**	38.8
Operating costs		**(37.9)**	(39.1)
Administration expenses and other costs		**61.1**	(29.9)
Results from operating activities	5	**60.7**	(30.2)
Finance income	6	**448.2**	34.1
Finance expense	7	**(21.7)**	(14.1)
Profit/(loss) before tax		**487.2**	(10.2)
Income tax	14	**(0.9)**	1.4
Profit/(loss) for the year		**486.3**	(8.8)
Other comprehensive income			
Items that will not be reclassified to profit or loss, net of tax			
Net fair value adjustment on equity investments at fair value through other comprehensive income		**173.1**	(5.9)
Fair value adjustment on equity investments at fair value through other comprehensive income	18	**174.3**	(5.9)
Deferred taxation thereon		**(1.2)**	-
Total other comprehensive income for the year		**173.1**	(5.9)
Total comprehensive income for the year		**659.4**	(14.7)

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

at 30 June 2020

Amounts in R million	Note	2020	2019
ASSETS			
Non-current assets		**1,607.2**	1,499.4
Property, plant and equipment		**0.7**	0.7
Right of use asset		**3.1**	-
Net investments in subsidiaries	8	**1,417.6**	1,485.1
Other investments	18	**177.8**	3.5
Deferred tax asset	14.2	**8.0**	10.1
Current assets		**1,676.2**	255.8
Trade and other receivables	11	**6.7**	13.7
Cash and cash equivalents	9	**1,669.5**	242.1
TOTAL ASSETS		**3,283.4**	1,755.2
EQUITY AND LIABILITIES			
Equity		**2,715.0**	1,535.9
Stated share capital	17.1	**6,208.9**	5,123.8
Other reserves		**-**	453.6
Retained earnings		**(3,493.9)**	(4,041.5)
Non-current liabilities		**2.7**	10.0
Liability for cash-settled long-term incentive scheme	15.1	**-**	10.0
Lease liabilities		**2.7**	-
Current liabilities		**565.7**	209.3
Trade and other payables	12	**63.0**	43.4
Liability for cash-settled long-term incentive scheme	15.1	**74.0**	7.9
Amounts owing to group companies	13	**424.1**	153.5
Current portion of lease liabilities (2019: current portion of finance lease obligations)		**0.4**	0.3 [1]
Current tax liability		**4.2**	4.2
TOTAL LIABILITIES		**568.4**	219.3
TOTAL EQUITY AND LIABILITIES		**3,283.4**	1,755.2

[1] *During 2019, non-material finance lease obligations were aggregated with "Trade and other payables". On adoption of IFRS 16, the non-material leases included in the comparable amounts of "Trade and other payables" in the statement of financial position were reclassified for consistency. As a result, R0.3 million was reclassified from "Trade and other payables" into "Current portion of lease liabilities"*

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

Amounts in R million	Note	Share capital	Other reserves	Retained earnings	Total equity
Balance at 30 June 2018		**4,228.4**	**-**	**(4,026.8)**	**201.6**
Total comprehensive income					
Loss for the year				(8.8)	(8.8)
Other comprehensive income				(5.9)	(5.9)
Total comprehensive income		-	-	(14.7)	(14.7)
Transactions with the owners of the parent					
Contributions and distributions					
Equity instruments issued as purchase consideration for the acquisition of Far West Gold Recoveries ("**FWGR**")		895.7	453.6		1,349.3
Expenses incurred on issue of ordinary shares		(0.3)		-	(0.3)
Total contributions and distributions		895.4	453.6	-	1,349.0
Balance at 30 June 2019		**5,123.8**	**453.6**	**(4,041.5)**	**1,535.9**
Total comprehensive income					
Profit for the year				486.3	486.3
Other comprehensive income				173.1	173.1
Total comprehensive income		-	-	659.4	659.4
Transactions with the owners of the parent					
Contributions and distributions					
Issue of ordinary shares		1,085.6			1,085.6
Expenses incurred on issue of ordinary shares		(0.5)			(0.5)
Reallocation of the equity instruments on exercise of the Sibanye-Stillwater option			(453.6)	453.6	-
Dividend on ordinary share capital	17.2			(571.4)	(571.4)
Equity-settled share-based payment	8.1 & 15.2			6.0	6.0
Total contributions and distributions		1,085.1	(453.6)	(111.8)	519.7
Balance at 30 June 2020		**6,208.9**	**-**	**(3,493.9)**	**2,715.0**

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CASHFLOWS

for the year ended 30 June 2020

Amounts in R million	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash applied to operations	10	**(36.1)**	(12.7)
Finance income received		**62.0**	9.3
Dividends received		**379.3**	-
Finance expenses paid		**(3.1)**	(7.3)
Net cash inflow/(outflow) from operating activities		**402.1**	(10.7)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(0.3)**	(0.2)
Funds received from subsidiaries		**512.0**	99.8
Net cash inflow from investing activities		**511.7**	99.6
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		**1,085.6**	-
Share issue expenses		**(0.5)**	(0.3)
Dividends paid on ordinary share capital		**(571.1)**	-
Borrowings raised		**-**	192.0
Borrowings repaid		**-**	(192.0)
Initial fees incurred on borrowings		**-**	(3.6)
Repayment of lease liabilities (2019: finance lease obligation)		**(0.4)**	(0.4)
Net cash inflow/(outflow) from financing activities		**513.6**	(4.3)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,427.4**	84.6
Cash and cash equivalents at the beginning of the year		**242.1**	157.5
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	**1,669.5**	242.1

The accompanying notes are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 30 June 2020

1 ABOUT THESE COMPANY FINANCIAL STATEMENTS

Reporting Entity
DRDGOLD Limited ("**Company**") is primarily a holding Company holding investments in subsidiaries involved in the retreatment of surface gold in South Africa. DRDGOLD is domiciled in South Africa with a registration number of 1895/000926/06. The registered address of the Company is Constantia Office Park, Cnr 14th Avenue and Hendrik Potgieter Road, Cycad House, Building 17, Ground Floor, Weltevreden Park, 1709.

The DRDGOLD Group is 50.1% held by Sibanye Gold Limited, which in turn is a wholly owned subsidiary of Sibanye Stillwater Limited ("**Sibanye-Stillwater**").

Basis of accounting
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC) as well as the requirements of the Companies Act of South Africa. The financial statements were approved by the board of directors for issuance on 29 October 2020.

Functional and presentation currency
The Company's functional and presentation currency is South African rand. The amounts in these financial statements are rounded to the nearest million unless stated otherwise.

Basis of measurement
The financial statements are prepared on the historical cost basis, unless otherwise stated.

2 USE OF ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make accounting assumptions, estimates and judgements that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses.

Accounting assumptions, estimates and judgements are reviewed on an ongoing basis. Revisions to reported amounts are recognised in the period in which the revision is made and in any future periods affected. Actual results may differ from these estimates.

Information about assumptions and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

NOTE 8 NET INVESTMENTS IN SUBSIDIARIES
NOTE 14 INCOME TAX
NOTE 18 OTHER INVESTMENTS

Information about significant judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the notes:

NOTE 8 NET INVESTMENTS IN SUBSIDIARIES
NOTE 19 CONTINGENT LIABILITIES

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

New standards, amendments to standards and interpretations effective for the year ended 30 June 2020
During the financial period, the following new and revised accounting standards, amendments to standards and new interpretation were adopted by the Company.

IFRS 16 Leases (Effective date 1 July 2019)
The Company adopted IFRS 16 Leases ("**IFRS 16**") on 1 July 2019, using the modified retrospective method.

The Company elected to measure the right of use asset at an amount equal to the lease liabilities for leases previously recognised as operating leases.

The leases consist of property rentals.

The Company applied the following practical expedients:
- the Company elected not to separate non-lease components and account for the lease and non-lease component as a single lease component;
- leases for which the underlying asset is of low value; and
- short-term leases defined as less than 12 months.

The Company applied the following judgements:
- assessing whether an arrangement contains a lease;
- where the Company has the option to terminate a contract with no more than an insignificant penalty, the lease is no longer deemed to be enforceable. However, in making this assessment management will in addition, take into account the nature of the asset, the alternative procurement of the asset and the general economics of the contract in assessing its enforceability;
- where a lease is on a month to month basis, the lease term is limited to one month's enforceable period, therefore that lease is excluded from the lease population;
- where a contract includes an option to renew, management will consider whether it is reasonably certain that the option will be exercised. In making this assessment, the historical renewal behaviour will be considered, considering the strategic nature of that asset;
- the determination of the right of use asset to be equal to the lease liability, adjusted for prepaid or accrued lease payments immediately before the date of initial application. This resulted in there being no impact on retained earnings at adoption date; and
- to use the Company's incremental borrowing rate in discounting the future payments. The weighted average discount rate applied was 10.31% per annum.

There have been no significant changes under IFRS 16 for lessors.

There was not significant impact of the adoption of IFRS 16 on the Company's financial statements at the effective date.

IFRIC 23 Uncertainty over Income Tax Treatments (Effective date 1 July 2019)
IFRIC 23 Uncertainty over Income Tax Treatments ("**IFRIC 23**") clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:
- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

Information about significant judgements, assumptions and estimates related to uncertainties with regard to the measurement of tax as reported in the financial statements are included in the following note:
NOTE 14 INCOME TAX

Annual Improvements to IFRS Standards 2015/2017 Cycle various standards (effective 1 July 2019)
As part of its process to make non-urgent but necessary amendments to IFRS, the IASB has issued the Annual Improvements to IFRS Standards 2015–2017 Cycle. This did not have a material impact on the Company.

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS *continued*

New standards, amendments to standards and interpretations not yet effective
At the date of authorisation of these financial statements, the following relevant standards, amendments to standards and interpretations that may be applicable to the business of the Company were in issue but not yet effective and may therefore have an impact on future financial statements. These new standards, amendments to standards and interpretations will be adopted at their effective dates.

Definition of Material (Amendments to IAS 1 and IAS 8) (Effective 1 July 2020)
The amendment clarifies the definition of material to make it easier to understand and provides guidance on how the definition should be applied. The changes in the definition now ensures that the definition is consistent across all IFRS standards and the Conceptual Framework.

- old definition (IAS 1): Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements;
- new definition (IAS 1): Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The definition of material omissions or misstatements from IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* has been removed.

Management has performed a preliminary assessment of the new definition of materiality and has assessed that it is not expected that significant changes will result from the adoption of the new definition of materiality.

Amendments to References to Conceptual Framework in IFRS (Effective 1 July 2020)
The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- new concepts on measurement including factors to be considered when selecting the measurement basis;
- new concepts on presentation and disclosure, including when to classify income and expenses in other comprehensive income;
- new guidance on when assets and liabilities are removed from financial statements;
- updated definitions of an asset and liability;
- updated recognition criteria for including assets and liabilities in financial statements;
- the revised framework clarified the concepts of prudence, stewardship, measurement uncertainty and substance over form; and
- the IASB also updated references to the Conceptual Framework in IFRS by issuing Amendments to References to the Conceptual Framework in IFRS.

Management has performed a preliminary assessment of the amendments to the References to the Conceptual Framework and has assessed that it is not expected that significant changes will result from the new references to the Conceptual Framework.

4 REVENUE

ACCOUNTING POLICIES

Revenue comprises corporate service fees rendered.

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured based on the transaction price estimated using the expected cost plus a margin approach. The Company recognises revenue using the input method based on time and costs incurred toward satisfying the corporate service relative to the total expected time and costs to the satisfaction of the corporate services rendered. These inputs are substantially incurred evenly over time. Payment for services rendered are made monthly to the Company and therefore no significant financing component exists.

Amounts in R million	Note	2020	2019
Corporate service fees	8.2.1	**37.5**	38.8
		37.5	38.8

5 RESULTS FROM OPERATING ACTIVITIES

Amounts in R million	Note	2020	2019
Results from operating activities include the following:			
Remuneration (a)		**(118.7)**	(49.8)
Reversal of impairment	8.2.5	**180.6**	6.5
(a) Remuneration			
Board fees		**(5.3)**	(4.6)
Salaries including accruals for short term incentives		**(41.1)**	(38.1)
Share-based payment expense		**(72.3)**	(7.1)
Cash-settled Long-Term Incentive ("**LTI**") scheme	15.1	**(69.4)**	(7.1)
Equity-settled Long-Term Incentive ("**LTI**") scheme		**(2.9)**	-

6 FINANCE INCOME

ACCOUNTING POLICY

Finance income includes interest and dividends received.

Amounts in R million	Note	2020	2019
Interest on cash and cash equivalents	9	**61.2**	9.8
Interest on amounts receivable from subsidiaries	8.2.2	**7.7**	24.3
Dividends received from other investments	18	**4.3**	-
Dividends received from subsidiaries	8.2.4	**375.0**	-
		448.2	34.1

7 FINANCE EXPENSE

ACCOUNTING POLICY

Finance expenses comprise interest payable on financial instruments measured at amortised cost calculated using the effective interest method.

Amounts in R million	Note	2020	2019
Interest on financial liabilities measured at amortised cost		**(2.0)**	(10.2)
Interest on amounts payable to subsidiaries	8.2.3	**(17.6)**	(1.6)
Other finance expenses		**(2.1)**	(2.3)
		(21.7)	(14.1)

8 NET INVESTMENTS IN SUBSIDIARIES

ACCOUNTING POLICIES

Investment in subsidiaries
Subsidiaries are entities controlled by DRDGOLD. DRDGOLD controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries are carried at cost less any accumulated impairment.

The new equity-settled share-based scheme (refer note 15.2) is a group wide share-based payment scheme whereby the Company has the obligation to settle the share based payment transaction in its own ordinary shares to its employees as well as the employees of its subsidiaries. The transaction with the employees of the subsidiaries is therefore an equity settled share-based payment even though the Company does not directly receive the services from these employees. An increased investment in the subsidiaries is recognised to reflect the indirect receipt of the services from the employees by the company and a corresponding entry recognised to equity. The amount recognised as an increased investment is based on the grant date fair value and recognised by the Company over the vesting period of the share-based payment.

Impairment of investments in subsidiaries
The carrying amounts of investments in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the investment's recoverable amount is estimated. The recoverable amount of an investment in a subsidiary is the greater of its value in use and its fair value less costs to sell. The method used to determine the recoverable amount was the value in use. The value in use is estimated considering the net asset value of the subsidiary supplemented by unobservable financial information such as estimated future cash flows. An impairment loss is recognised in profit or loss if the carrying amount of an investment exceeds its recoverable amount.

Amounts owing by the Company
Amounts owing by the Company are non-derivative financial liabilities categorised as financial liabilities measured at amortised cost. These liabilities are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The Company derecognises a financial liability when its contractual rights are discharged, cancelled or expire.

Amounts owing to the Company
Amounts owing to the Company are non-derivative financial assets categorised as measured at amortised cost. These assets are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Recognition and measurement
Amounts owing to the Company are non-derivative financial assets categorised as financial assets at amortised cost.

These assets are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method less any expected credit losses using the Company's business model for managing its financial assets.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Impairment
The Company recognises loss allowances for amounts owing to the Company at an amount equal to expected credit losses ("**ECL**s"). The Company uses the simplified ECL approach. When determining whether the credit risk of a financial asset has increased since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on informed credit assessments and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Company assesses whether the financial asset is credit impaired at each reporting date. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, including but not limited to financial difficulty or default of payment. Any impairment losses are recognised in the statement of profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

8 NET INVESTMENT IN SUBSIDIARIES *continued*

8.1 Investments in subsidiaries' shares and amounts owing to/(by) the Company

Amounts in R million	Note	2020 Cost	2020 Accumulated impairment	2019 Cost	2019 Accumulated impairment
Investment in subsidiaries at cost [1]					
Ergo Mining Proprietary Limited ("Ergo") [2]		**87.9**	**-**	85.4	-
Far West Gold Recoveries Proprietary Limited ("FWGR") [3]		**1,349.9**	**-**	1,349.3	-
East Rand Proprietary Mines Limited ("ERPM")		**635.4**	**(635.4)**	635.4	(635.4)
Ergo Mining Operations Proprietary Limited ("EMO")		**990.2**	**(768.9)**	990.2	(949.6)
		3,063.4	**(1,404.3)**	3,060.3	(1,585.0)
Non-current amounts owing to the Company					
FWGR (a)		**-**	**-**	254.1	-
ERPM (b)		**2.5**	**-**	-	-
CGR (b)		**1.3**	**-**	0.7	-
EMO (b)		**-**	**-**	0.3	-
Crown Consolidated Gold Recoveries Limited (b)		**153.9**	**(153.9)**	153.9	(153.9)
		157.7	**(153.9)**	409.0	(153.9)
Non-current amounts owing by the Company					
Crown Consolidated Gold Recoveries Limited (b)		**(245.3)**	**-**	(245.3)	-
		(245.3)	**-**	(245.3)	-
Total		**2,975.8**	**(1,558.2)**	3,224.0	(1,738.9)
Net investment in subsidiaries			**1,417.6**		1,485.1

[1] The recoverable amount of the investment was estimated considering the net asset value of the company supplemented by unobservable financial information such as estimated future cash flows of the company

[2] The investment in Ergo includes an amount of R2.5 million in terms of the equity-settled long-term incentive scheme (2019: Rnil)

[3] The investment in FWGR includes an amount of R0.6 million in terms of the equity-settled long-term incentive scheme (2019: Rnil)

Unless stated otherwise, all loans are unsecured, interest free, have no fixed terms of repayment and, in terms of the RCF agreement, all amounts receivable by the Company are subordinated to ABSA.

(a) The loan bears interest at prime interest rate plus fifty basis points. Final repayment date was 1 August 2020; and

(b) The Lender in each instance has agreed that the loan will not be payable within 367 days from the date of the financial statements of the Borrower;

The Company has made available a facility of R1 billion to its subsidiaries collectively, to provide these companies with adequate liquidity to meet their obligations as they fall due.

8 NET INVESTMENT IN SUBSIDIARIES *continued*

8.2 Transactions with subsidiaries

Amounts in R million	Not	2020	2019
8.2.1 Corporate services fees to subsidiaries			
Ergo		**23.8**	21.6
FWGR		**13.7**	17.2
	4	**37.5**	38.8
8.2.2 Interest income accrued on amounts owing by subsidiaries			
Ergo		**-**	7.5
FWGR		**7.7**	16.8
	6	**7.7**	24.3
8.2.3 Interest expense accrued on amounts owing by subsidiaries			
Ergo		**(12.2)**	(0.4)
FWGR		**(3.0)**	-
ERPM		**(2.4)**	(1.2)
	7	**(17.6)**	(1.6)
8.2.4 Dividends received from subsidiaries			
Ergo		**350.0**	-
ERPM		**25.0**	-
	6	**375.0**	-
8.2.5 Reversal of impairment of investments in subsidiaries			
EMO (a)	8.1	**180.6**	6.5
	5	**180.6**	6.5

CREDIT RISK

The Company is exposed to credit risk on the total carrying value of the amount owing to it.

The expectation of future cash flows are based on the nature of the underlying company's activities and considers the net asset values of these companies to the extent that it can be converted to cash, or the expected future cash flows from the companies' future activities, which are largely influenced by forward-looking gold price, future gold production, estimated operating costs and capital expenditure.

LIQUIDITY RISK

Unless stated otherwise, amounts owing by the Company do not have any fixed payment terms and may be called for at any time.

MARKET

Interest rate risk

A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular the cash balance and foreign currency rates, remain constant. The analysis excludes income tax.

Amounts in R million	2020	2019
100bp increase	**-** [1]	2.5
100bp (decrease)	**-** [1]	(2.5)

[1] *Less than R0.1 million*

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of amounts owing to and by subsidiaries approximate their carrying values due to the terms of repayment not being readily determinable.

8 NET INVESTMENT IN SUBSIDIARIES *continued*

8.3 Related parties

A complete list of subsidiaries is provided below:

Name of entity	Activity
Subsidiaries directly held	
Ergo Mining Operations Proprietary Limited	Holding company of treasury shares
Ergo Mining Proprietary Limited	Surface gold mining
Far West Gold Recoveries Proprietary Limited ("FWGR")	Surface gold mining
East Rand Proprietary Mines Limited	Care and maintenance
Crown Gold Recoveries Proprietary Limited	Non - operational
Crown Consolidated Gold Recoveries Limited	Dormant
West Witwatersrand Gold Holdings Limited	Dormant
Rand Leases (Vogelstruisfontein) Gold Mining Company Limited	Dormant
Argonaut Financial Services Proprietary Limited	Dormant
Roodepoort Gold Mine Proprietary Limited	Dormant
Subsidiaries indirectly held	
Ergo Business Development Academy NPC	Training centre
West Witwatersrand Gold Mines Limited	Dormant
Crown Mines Limited	Dormant
City Deep Limited	Dormant
Consolidated Main Reef and Estate Limited	Dormant
Hartebeestfontein Gold Mining Company Limited	Dormant

All subsidiaries are 100% owned by DRDGOLD and are incorporated in South Africa.

9 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to cash without the significant risk of changes in value and comprise cash on hand, demand deposits, and highly liquid investments which are readily convertible to known amounts of cash.

Cash and cash equivalents are non-derivative financial assets categorised as financial assets measured at amortised cost. Cash and cash equivalents are initially measured at fair value. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their fair value.

Amounts in R million	Note	2020	2019
Cash on hand		**30.1**	99.4
Access deposits and income funds [1]		**1,632.3**	136.0
Restricted cash [2]		**7.1**	6.7
		1,669.5	242.1
Interest earned on cash and cash equivalents	6	**61.2**	9.8

[1] *These consist of access deposit notes and conservatively managed income funds that are diversified across the major financial institutions in South Africa. At reporting date all of these instruments had same day or next day liquidity and effective annual yields of between 5.5% and 7%*

[2] *These consist of cash held on call to fund environmental and other guarantees issued by the Standard Bank of South Africa Limited*

CREDIT RISK

The Company is exposed to credit risk on the total carrying value of its cash and cash equivalents. The Company manages its exposure to credit risk by investing cash and cash equivalents across a number of major financial institutions, considering the credit ratings of these financial institutions, funds and underlying instruments.

Impairment on cash and cash equivalents, if any, are measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

MARKET RISK

Interest rate risk

A change of 100 basis points (bp) in interest rates at the reporting date would had increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular the cash balance and foreign currency rates, remain constant. The analysis excludes income tax.

Amounts in R million	2020	2019
100bp increase	**9.6**	2.4
100bp (decrease)	**(9.6)**	(2.4)

Foreign currency risk

US Dollars are exposed to fluctuations in the US Dollar/South African Rand exchange rate until it is converted to South African Rands.

The Company was not exposed to any fluctuations in the US Dollar/South African Rand exchange rate on any US Dollars at the current or previous reporting date as all the US Dollars held were converted to South African Rands.

Foreign denominated cash is held in a foreign currency bank account accruing negligible interest and is usually converted to South African Rand on the day of receipt. Foreign cash is therefore not exposed to interest rate risk.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and cash equivalents

The fair value of cash and cash equivalents approximate their carrying value due to their short-term maturities.

10 CASH APPLIED TO OPERATIONS

Amounts in R million	Note	2020	2019
Profit/(loss) for the year		**486.3**	(8.8)
Adjusted for			
Income tax		**0.9**	(1.4)
Depreciation		**0.4**	0.3
Reversal of impairments	5	**(180.6)**	(6.5)
Share-based payment expense	5	**72.3**	7.1
Finance income	6	**(448.2)**	(34.1)
Finance expenses	7	**21.7**	14.1
Operating cash flows before other changes		**(47.2)**	(29.3)
Changes in		**11.1**	16.6
Trade and other receivables		**6.5**	8.6
Trade and other payables and employee benefits		**4.6**	8.0
		(36.1)	(12.7)

11 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

Recognition and measurement
Trade and other receivables, excluding Value Added Tax and prepayments, are non-derivative financial assets categorised as financial assets at amortised cost.

These assets are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method less any expected credit losses using the Company's business model for managing its financial assets.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Impairment
The Company recognises loss allowances for trade and other receivables at an amount equal to expected credit losses ("**ECLs**"). The Company uses the simplified ECL approach. When determining whether the credit risk of a financial asset has increased since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on informed credit assessments and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Company assess whether the financial asset is credit impaired at each reporting date. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, including but not limited to financial difficulty or default of payment. Any impairment losses are recognised in the statement of profit or loss. The Company will write off a financial asset when there is no reasonable expectation of recovering it after considering whether all means to recovery the asset have been exhausted, or the counterparty has been liquidated and the Group has assessed that no recovery is possible.

Any impairment losses are recognised in the statement of profit or loss.

Amounts in R million	**2020**	**2019**
Trade receivable due from Group Companies	**2.5**	7.1
Other receivables	**3.3**	5.6
Prepayments	**0.5**	0.2
Value Added Tax	**0.4**	0.8
	6.7	13.7
RELATED PARTIES		
Trade receivable due from Group Companies consist of trade receivables from:		
Ergo	**2.5**	-
FWGR	**-**	7.1

CREDIT RISK

The Company is exposed to credit risk on the total carrying value of its trade and other receivables excluding Value Added Tax and prepayments. None of the Company's other receivables are past due.

The Company manages its exposure to credit risk on trade receivables by providing corporate services on a retainer basis. The Company manages its exposure to credit risk on other receivables by dealing with a number of counterparties, ensuring that these counterparties are of good credit standing and transacting on a secured or cash basis where considered necessary. Receivables are regularly monitored and assessed for recoverability.

At reporting date the Company did not have any credit impaired trade and other receivables.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of trade and other receivables approximate their carrying value due to their short-term maturities.

12 TRADE AND OTHER PAYABLES

ACCOUNTING POLICIES

Trade and other payables, excluding payroll accruals, accrued leave pay and provision for performance based incentives, are non-derivative financial liabilities categorised as financial liabilities measured at amortised cost.

These liabilities are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The Company derecognises a financial liability when its contractual rights are discharged or cancelled or expire.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Amounts in R million	2020	2019
Trade creditors and accruals	**31.9**	24.6
Accrued leave pay	**3.1**	2.0
Provision for short term performance based incentives	**15.3**	12.4
Payroll accruals	**12.7**	4.4
	63.0	43.4

LIQUIDITY RISK

Trade payables and other creditors and accruals are all expected to be settled within 12 months from reporting date.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of trade payables and other creditor and accruals approximate their carrying value due to their short-term maturities.

13 CURRENT AMOUNTS PAYABLE TO GROUP COMPANIES

ACCOUNTING POLICIES

Current amounts payable to Group companies are non-derivative financial liabilities categorised as financial liabilities measured at amortised cost.

These liabilities are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The Company derecognises a financial liability when its contractual rights are discharged or cancelled or expire.

Subsidiaries sweep excess cash generated from operating and investing activities to DRDGOLD's central treasury function to be invested. The cash is transferred on loan account, earns interest at prime interest rate less 400 basis points and are available on demand.

Amounts in R million	2020	2019
Ergo	**178.3**	95.9
FWGR	**240.0**	-
EMO	**5.8**	-
ERPM	**-**	57.6
	424.1	153.5

MARKET

Interest rate risk

A change of 100 basis points (bp) in interest rates at the reporting date would have (decreased)/increased equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular the cash balance and foreign currency rates, remain constant. The analysis excludes income tax.

Amounts in R million	2020	2019
100bp (decrease)	**(4.2)**	(1.5)
100bp increase	**4.2**	1.5

13 CURRENT AMOUNTS PAYABLE TO GROUP COMPANIES *continued*

LIQUIDITY RISK

Amounts owing to group companies are all expected to be settled within 12 months from reporting date.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of amounts owing to group companies approximate their carrying value due to their short-term maturities.

14 INCOME TAX

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Management periodically evaluates positions taken where tax regulations are subject to interpretation.

The assessment of the probability that future taxable profits will be available against which the tax losses and unredeemed capital expenditure can be utilised requires the use of assumptions and estimates and are inherently uncertain and could change materially over time.

ACCOUNTING POLICIES

Income tax expense comprises current and deferred tax.

Current tax
Current tax comprise the expected tax payable or receivable on the taxable income or loss for the year and any adjustment on tax payable or receivable in respect of previous years is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or OCI. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax assets relating to unutilised tax losses and unutilised capital allowances are recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax losses and unutilised capital allowances can be utilised. The recoverability of these assets is reviewed at each reporting date and adjusted if recovery is no longer probable.

14.1 INCOME TAX EXPENSE

Amounts in R million	2020	2019
Deferred tax	**(0.9)**	1.4
Deferred tax charge - Non-mining, company and capital gains tax	**(2.1)**	1.4
Recognition of previously unrecognised tax losses of a capital nature	**1.2**	-
	(0.9)	1.4
Tax reconciliation		
Major items causing the difference between the Company's income tax expense and statutory rate were:		
Tax on net (profit)/loss before tax at the South African corporate tax rate of 28%	**(136.4)**	1.6
Exempt income and other non-taxable income (a)	**156.9**	3.1
Non deductible expenditure	**(0.8)**	(1.0)
Current year tax losses for which no deferred tax was recognised (b)	**(21.8)**	(0.7)
Recognition of previously unrecognised tax losses of a capital nature	**1.2**	-
Other differences	**-**	(1.6)
Income tax	**(0.9)**	1.4

(a) Exempt income
Exempt income consists of:
- R180.6 million reversal of impairment on the investment in EMO (2019: R6.5 million) (refer note 8.2.5);
- R379.3 million dividends received (2019: nil).

(b) Current year tax losses for which no deferred tax was recognised
DRDGOLD Limited is not expected to generate adequate future taxable profits against which all of its anticipated future expenses can be deducted.

14 INCOME TAX *continued*

14.2 DEFERRED TAX

Amounts in R million	2020	2019
Included in the statement of financial position as follows:		
Deferred tax assets	**9.3**	10.2
Deferred tax liabilities	**(1.3)**	(0.1)
Net deferred tax assets	**8.0**	10.1
Reconciliation of the deferred tax balance:		
Balance at the beginning of the year	**10.1**	8.7
Recognised in profit or loss	**(0.9)**	1.4
Recognised in other comprehensive income	**(1.2)**	-
Balance at the end of the year	**8.0**	10.1

The detailed components of the net deferred tax assets which result from the differences between the amounts of assets and liabilities recognised for financial reporting and tax purposes are:

Amounts in R million	2020	2019
Deferred tax asset		
Estimated capital losses	**1.2**	-
Provisions and accruals	**27.7**	10.2
Deferred tax asset not recognised	**(19.6)**	-
Gross deferred tax assets	**9.3**	10.2
Deferred tax liability		
Property, plant and equipment and right of use asset	**(0.1)**	(0.1)
Investments	**(1.2)**	-
Gross deferred tax liabilities	**(1.3)**	(0.1)
Net deferred tax assets	**8.0**	10.1

Deferred tax assets have not been recognised in respect to the following:

Amounts in R million	2020	2019
Provisions and accruals	**19.6**	-
Estimated tax losses	**4.1**	-
Estimated tax losses - Capital nature	**323.9**	325.1
Unredeemed capital allowances	**36.8**	36.8

Deferred tax assets have not been recognised on a portion of the deferred tax assets as it is not certain if and when the Company will generate future taxable profits against which the unrecognised tax assets can be utilised.

15 EMPLOYEE BENEFITS

ACCOUNTING POLICIES

Cash-settled share-based payments ("outgoing LTI scheme")
Cash-settled share-based payments are measured at fair value and remeasured at each reporting date to reflect the potential outflow of cash resources to settle the liability, with a corresponding adjustment in profit or loss. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

Equity settled share-based payments ("new LTI scheme")
The grant date fair value of equity settled share-based payment arrangements is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at vesting date.

15.1 CASH-SETTLED LONG-TERM INCENTIVE SCHEME ("outgoing LTI scheme")

Terms of the November 2015 grant made under the DRDGOLD Group's outgoing LTI scheme are:

- The scheme has a finite term of 5 years and thus no top-up awards are made when the shares vest;
- The phantom shares are issued at an exercise price of nil and will vest in 3 tranches: 20%, 30% and 50% on the 3rd, 4th and 5th anniversaries respectively, subject to individual service and performance conditions being met; and
- The phantom shares will be settled at the 7-day volume weighted average price ("**VWAP**") of the DRDGOLD share.

The last tranche of the November 2015 grant will vest during November 2020. The outgoing LTI scheme is replaced by a new equity settled long-term incentive scheme (refer note 15.2)

Amounts in R million	**Note**	**2020**	**2019**
Opening balance		**17.9**	17.0
Increase in long-term incentive liability	5	**69.4**	7.1
Transferred between group companies		**-**	(0.9)
Benefits paid		**(13.3)**	(5.3)
Total liability for long term incentive scheme		**74.0**	17.9
The total liability for long-term incentive scheme is expected to be settled as follows:		**74.0**	17.9
within 12 months after reporting date		**74.0**	7.9
after 12 months after reporting date		**-**	10.0

Reconciliation of outstanding phantom shares	**2020**		**2019**	
	Shares Number	**Weighted average price R per share**	**Shares Number**	**Weighted average price R per share**
Opening balance	5,664,401		7,325,643	
Granted	-		141,586	3.37
Vested and paid	(1,832,117)	7.31	(1,380,704)	3.82
Transferred between group companies	-		(422,124)	3.34
Forfeited/lapsed	(637,168)	7.08	-	
Closing balance	3,195,116		5,664,401	

Fair value
The fair value of the liability for the long term incentive scheme is mostly influenced by the DRDGOLD Limited share price. Other inputs influencing the fair value are the forward dividend yield and estimates of staff retention and performance conditions. The inputs most significantly influencing the measurement of the fair values are as follows:

	2020	**2019**	**Grant date**
7 day VWAP of the DRDGOLD Limited share	**25.14**	4.37	2.26
Annualised forward dividend yield	**1.0%**	4.3%	4.3%

for the year ended 30 June 2020

15.2 EQUITY SETTLED LONG-TERM INCENTIVE SCHEME (“new LTI scheme”)

Amounts in R million	2020	2019
Equity settled Long-Term Incentive ("LTI") scheme expense	**2.9**	-

On 2 December 2019, the shareholders approved a new equity settled long-term incentive scheme to replace the cash settled long-term incentive scheme established in November 2015. Under the new LTI scheme, qualifying employees are awarded conditional shares on an annual basis, comprising performance shares (80% of the total conditional shares awarded) and retention shares (20% of the total conditional shares awarded). Conditional shares will vest 3 years after grant date and will be settled in the form of DRDGOLD shares at a zero-exercise price.

The first grant was made on 2 December 2019 and will vest in two tranches, 50% on the 2nd anniversary and the remaining 50% on the 3rd anniversary of the grant date respectively, provided the employee is still within the employment of the Group until the respective vesting dates.

The key conditions of the December 2019 grant made under the long-term incentive scheme are:

Retention shares:
100% of the retention shares will vest if the employee remains in the employ of the Company at vesting date and individual performance criteria are met.

Performance shares:
Total shareholder’s return (TSR) measured against a hurdle rate of 15% referencing DRDGOLD’s Weighted Average Cost of Capital “WACC”:
- 50% of the performance shares are linked to this condition; and
- all of these performance shares will vest if DRDGOLD’s TSR exceeds the hurdle rate over the vesting period.

TSR measured against a peer group of 3 peers (Sibanye-Stillwater, Harmony Limited and Pan-African Resources Limited):
- 50% of the performance shares are linked to this condition; and
- The number of performance shares which vest is based on DRDGOLD’s actual TSR performance in relation to percentiles of peer group’s performance as follows:

Percentile of peers	% of performance shares vesting
< 25th percentile	**0%**
25th to < 50th percentile	**25%**
50th to < 75th percentile	**75%**
≥ 75th percentile	**100%**

Movement in the number of conditional shares for the reporting period are as follows:

Conditional shares			
Grant date	**2 December 2019**		
Vesting date	**Total**	**2 December 2021**	**2 December 2022**
Opening balance	-	-	-
Granted	5,860,760	2,930,380	2,930,380
Closing balance	5,860,760	2,930,380	2,930,380

Fair value
The weighted average fair value of the performance and retention shares at grant date were determined using the Monte Carlo simulation pricing model applying the following key inputs:

Conditional shares		
Grant date	**2 December 2019**	
Vesting date	**2 December 2021**	**2 December 2022**
Weighted average fair value of 80% performance shares [1]	**4.26**	4.12
Weighted average fair value of 20% retention shares	**5.69**	5.49
Expected term (years)	**2**	3
Grant date share price of a DRDGOLD share	**6.15**	6.15
Expected dividend yield	**3.86%**	3.81%
Expected volatility [2]	**53.80%**	53.80%
Expected risk free rate	**6.68%**	6.80%

[1] *The performance conditions are included in the measurement of the grant date fair value as they are classified as market-based performance conditions*

[2] *Expected volatility has been based on an evaluation of the historical volatility of DRDGOLD’s share price, commensurate with the expected term of the options*

15 EMPLOYEE BENEFITS *continued*

15.3 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Emoluments

Amounts in R 000				2020				2019
Directors / Prescribed Officers	Remuneration paid during the year	Short term incentives related to this cycle	Long term incentives paid during this cycle	Total remuneration related to this cycle	Remuneration paid during the year	Short term incentives related to this cycle	Long term incentives paid during this cycle	Total remuneration related to this cycle
Executive directors								
D J Pretorius	**6 904**	**6 597**	**5 094**	**18 595**	6 481	4 668	1 777	12 926
A J Davel	**3 890**	**3 706**	**2 862**	**10 458**	3 669	2 622	998	7 289
	10 794	**10 303**	**7 956**	**29 053**	10 150	7 290	2 775	20 215
Non-executive directors								
G C Campbell	**1 573**	**-**	**-**	**1 573**	1 514	-	-	1 514
J Turk	**-**	**-**	**-**	**-**	280	-	-	280
E A Jeneker	**861**	**-**	**-**	**861**	916	-	-	916
J A Holtzhausen	**714**	**-**	**-**	**714**	702	-	-	702
T B V N Mnyango	**728**	**-**	**-**	**728**	690	-	-	690
J J Nel	**685**	**-**	**-**	**685**	377	-	-	377
P Lebina	**705**	**-**	**-**	**705**	104	-	-	104
	5 266	**-**	**-**	**5 266**	4 583	-	-	4 583
Prescribed officers								
W J Schoeman	**3 689**	**3 706**	**2 862**	**10 257**	3 479	2 565	998	7 042
R Masemene	**697**	**-**	**-**	**697**	2 478	1 186	609	4 273
E Beukes	**976**	**930**	**-**	**1 906**	-	-	-	-
	5 362	**4 636**	**2 862**	**12 860**	5 957	3 751	1 607	11 315
Total	**21 422**	**14 939**	**10 818**	**47 179**	20 690	11 041	4 382	36 113

Non-executive directors are paid board fees made up of a base fee and committee fees. The Company's MOI makes provision for directors' fees to be determined at the Annual General Meeting.

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

15 EMPLOYEE BENEFITS *continued*

15.3 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

Participation in cash-settled long term incentive scheme

Directors / Prescribed Officers	Opening balance Number	Granted Number	Vested Number	Proceeds R	Average exercise price R/share	Forfeited / lapsed Number	Closing balance Number
2020							
Executive directors							
D J Pretorius	1,858,407	-	(696,903)	5,094,361	7.31	-	1,161,504
A J Davel	1,044,026	-	(391,510)	2,861,938	7.31	-	652,516
	2,902,433	**-**	**(1,088,413)**	**7,956,299**		**-**	**1,814,020**
Prescribed officers							
W J Schoeman	1,044,026	-	(391,510)	2,861,938	7.31	-	652,516
R Masemene	637,168	-	-	-	7.31	(637,168)	-
	1,681,194	**-**	**(391,510)**	**2,861,938**		**(637,168)**	**652,516**
Total	**4,583,627**	**-**	**(1,479,923)**	**10,818,237**	**-**	**(637,168)**	**2,466,536**
2019							
Executive directors							
D J Pretorius	2,323,009	-	(464,602)	1,777,065	3.82	-	1,858,407
A J Davel	1,305,033	-	(261,007)	998,331	3.82	-	1,044,026
	3,628,042	**-**	**(725,609)**	**2,775,396**		**-**	**2,902,433**
Prescribed officers							
W J Schoeman	1,305,033	-	(261,007)	998,331	3.82	-	1,044,026
R Masemene	796,460	-	(159,292)	609,279	3.82	-	637,168
	2,101,493	**-**	**(420,299)**	**1,607,610**		**-**	**1,681,194**
Total	**5,729,535**	**-**	**(1,145,908)**	**4,383,006**	**-**	**-**	**4,583,627**

Participation in equity-settled long-term incentive scheme

Directors / Prescribed Officers	Opening balance Number	Granted Number	Closing balance Number
2020			
Executive directors			
D J Pretorius	-	1,069,321	1,069,321
A J Davel	-	517,522	517,522
	-	**1,586,843**	**1,586,843**
Prescribed officers			
W J Schoeman	-	517,522	517,522
E Beukes	-	76,362	76,362
	-	**593,884**	**593,884**
Total	**-**	**2,180,727**	**2,180,727**

15 EMPLOYEE BENEFITS *continued*

15.4 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Interests in contracts

To the knowledge of the directors or officers of the Company, none of the directors or officers of the Company, their families or the major shareholders of DRDGOLD had any interest, direct or indirect, in any transaction during the year ended 30 June 2020 or the preceding financial years, or in any proposed transaction which has affected or will materially affect the Company other than what is disclosed in these financial statements. None of the directors or officers of the Company or any associate of such director or officer is currently or has been materially indebted to Company at any time during the past financial year.

Key management personnel remuneration

Amounts in R million	2020	2019
- Board fees paid	**5.3**	4.6
- Salaries paid	**21.3**	21.0
- Short term incentives relating to this cycle	**19.8**	12.1
- Long-term incentives paid during this cycle	**13.3**	5.3
	59.7	43.0

16 CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to ensure that adequate capital is available to meet the requirements of the Group from time to time, including capital expenditure. The Group considers the appropriate capital management strategy for specific growth projects as and when required. Lease liabilities are not considered to be debt.

Liquidity management

At 30 June 2020 and 30 June 2019 the Group's facilities included an undrawn R300 million Revolving Credit Facility ("**RCF**") which was initially secured to finance the development of Phase 1 of FWGR as well as the general working capital requirements of the Group. In December 2018, R125 million of the RCF was committed to issue a guarantee to Ekurhuleni Local Municipality.

In September 2020, the RCF was amended to a R200 million available facility and extended for an additional term of 2 years with a final repayment date of 14 September 2022.

The initial and amended RCF permits a consolidated debt ratio (net debt to adjusted EBITDA) of at most 2:1 and a consolidated interest coverage ratio (net interest to adjusted EBITDA) of at least 4:1 calculated on a twelve-month rolling basis respectively. Management monitors the covenant ratio levels to ensure compliance with the covenants, as well as maintain sufficient uncommitted facilities to ensure satisfactory liquidity for the Group. The covenant ratios were not breached during the year ended 30 June 2020.

The amendment included the reduction of the initial interest rate margin of 3.25% to 2.75%. A pledge and cession of DRDGOLD's shares in and shareholder claims against Ergo Mining Proprietary Limited and Far West Gold Recoveries Proprietary limited remains in place as security for the RCF.

17 EQUITY

ACCOUNTING POLICIES

Stated share capital
Ordinary shares and the cumulative preference shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

Dividends
Dividends are recognised as a liability on the date on which they are declared which is the date when the shareholders' right to the dividends vest.

17.1 STATED SHARE CAPITAL

All ordinary shares rank equally regarding the Company's residual assets. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

Preference shareholders participate only to the extent of the face value of the shares. Holders of preference shares do not have the right to participate in any additional dividends declared for ordinary shareholders. These shares do not have voting rights.

In terms of an ordinary resolution passed at the previous annual general meeting, the remaining unissued ordinary shares in the company are under the control of the directors until the next general meeting.

Amounts in R million	2020	2019
Authorised share capital		
1,500,000,000 (2019: 1,500,000,000) ordinary shares of no par value		
5,000,000 (2019: 5,000,000) cumulative preference shares of 10 cents each	**0.5**	0.5
Issued share capital		
864,588,711 (2019: 696,429,767) ordinary shares of no par value (a,b)	**6,208.4**	5,123.3
5,000,000 (2019: 5,000,000) cumulative preference shares of 10 cents each	**0.5**	0.5
	6,208.9	5,123.8

RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Ordinary shares issued
Sibanye-Stillwater and its subsidiaries and associates became related parties to the Group on 31 July 2018 when the acquisition of FWGR became unconditional. DRDGOLD issued 265 million new ordinary shares (38.05% of its outstanding shares) and an option to subscribe for new ordinary shares up to a total of 50.1% of the total issued ordinary shares of DRDGOLD ("**Option**") as purchase consideration for these assets.

On 8 January 2020 Sibanye-Stillwater exercised the Option and on 22 January 2020 it subscribed for 168,158,944 Shares ("**Subscription Shares**") at an aggregate subscription price of R1,085.6 million. The Subscription Shares were allotted and issued at a price of R6.46 per Share, being a 10% discount to the 30-day volume weighted average traded price of a Share on the day immediately prior to the date of exercise of the Option.

(b) Treasury shares
9,474,920 (2019: 9,474,920) shares in DRDGOLD Limited are held in treasury by Ergo Mining Operations Proprietary Limited ("**EMO**"). No shares were acquired in the market during the year ended 30 June 2020 (2019:113,849 shares were acquired in the market at an average price of R2.68). EMO received dividends amounting to R6.6 million on these shares during the current year (2019: nil).

17.2 DIVIDENDS

Amounts in R million	2020	2019
Dividends declared during the year:		
Final dividend paid relating to prior year: 20 SA cents per share (2019: nil SA cents per share)	**139.2**	-
First interim dividend: 25 SA cents per share (2019: nil SA cents per share)	**216.1**	-
Second interim dividend: 25 SA cents per share (2019: nil SA cents per share)	**216.1**	-
Total	**571.4**	-

After 30 June 2020, a dividend of 35 cents per qualifying share (R302.6 million) was approved by the directors as a final dividend for 2020 and are subject to a dividend withholding tax of 20%. The dividend has not been provided for and does not have any tax impact on the Company at 30 June 2020.

18 OTHER INVESTMENTS

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

The fair value of the equity instruments is determined based on quoted prices on an active market. Equity instruments which are not listed on an active market are measured using other applicable valuation techniques depending on the extent to which the technique maximises the use of relevant observable inputs and minimizes the use of unobservable inputs. Where discounted cash flows are used, the estimated cash flows are based on management's best estimate based on readily available information at measurement date. The discounted cash flows contain assumptions about the future that are inherently uncertain and can change materially over time.

ACCOUNTING POLICIES

On initial recognition of an equity investment that is not held for trading, the Company may make an irrevocable election to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value and changes therein are recognised in OCI, and are never reclassified to profit or loss, with dividends recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

The Company's listed and unlisted investments in equity securities are classified as equity instruments at fair value through other comprehensive income (OCI).

Amounts in R million	Shares held	% held	2020	2019
Listed investments (Fair value hierarchy Level 1):				
West Wits Mining Limited ("**WWM**") [1]	47 812 500	5.1%	**12.0**	3.3
Total unlisted investments			**12.0**	3.3
Unlisted investments (Fair value hierarchy Level 3):				
Rand Refinery Proprietary Limited ("**Rand Refinery**") [2]	40 078	10.0%	**160.9**	-
Rand Mutual Assurance Company Limited B Share Business Fund ("**RMA**") [2,3]	12 659	1.3%	**4.7**	-
Guardrisk Insurance Company Limited (Cell Captive A170) [2,4]	20	#	**0.1**	0.1
Chamber of Mines Building Company Proprietary Limited [2]	42 292	4.5%	**0.1**	0.1
Total unlisted investments			**165.8**	0.2
Balance at the end of the year			**177.8**	3.5
Dividends received on equity instruments at fair value through OCI (RMA)			**4.3**	-
Fair value adjustment on equity instruments at fair value through OCI			**174.3**	(5.9)

[1] Listed

[2] Unlisted

[3] The 1 "B Share Business Fund" share relates to all the businesses of the RMA Group that do not relate to the Compensation for Occupational Injuries and Diseases Act

[4] The shares held entitles the holder to 100% of the residual net equity of Cell Captive A 170 after settlement of the reimbursive right

MARKET RISK

Other market price risk

Equity price risk arises from changes in quoted market prices of listed investments as well as changes in the fair value of unlisted investments due to changes in the underlying net asset values.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Listed investments

The fair value of listed investments are determined by reference to published price quotations from recognised securities exchanges and constitute level 1 instruments on the fair value hierarchy.

Unlisted investments

The valuations are based on either the net asset values of these companies, or the consideration of unobservable financial information which is compared to information available in the market regarding other market participants' view on the value of the company and constitute level 3 instruments on the fair value hierarchy.

18 OTHER INVESTMENTS *continued*

Investment in Rand Refinery

During the current reporting period, Rand Refinery demonstrated increased stability in its operations, continued ability to meet budget and made a substantial redemption of redeemable preference shares to its other shareholders, therefore strengthening its financial position. DRDGOLD does not hold any redeemable preference shares in Rand Refinery. Rand Refinery also benefited from significant increases in Krugerrand sales and the increase in the Rand denominated gold price.

Historically the fair value of Rand Refinery was estimated to be *de minimus*, however because of the above aforementioned factors, the fair value of Rand Refinery has been significantly impacted and it is no longer reasonable to estimate fair value as *de minimus*.

The fair value of DRDGOLD's 10.0% interest in Rand Refinery at year end is estimated to be R160.9 million. The investment is designated as an equity instrument at fair value through other comprehensive income.

In accordance with IFRS 13 *Fair Value Measurement*, the income approach has been established to be the most appropriate basis to estimate the fair value in the current year. This method relies on the future budgeted cash flows as determined by Rand Refinery.

Management engaged the use of an independent external valuation expert to assist with the valuation. The Rand Refinery operations (excluding Prestige Bullion) were valued using the Free Cash Flow model, whereby an enterprise value using a Gordon Growth formula for the terminal value was estimated. The dividends received by Rand Refinery from joint venture – Prestige Bullion were valued using a finite life dividend discount model as Rand Refinery's shareholding will be reduced to nil in 2032. The fair value measurement uses significant unobservable inputs and relates to a fair value hierarchy level 3 financial instrument.

Key observable/unobservable inputs into the model include:

Amounts in R million	Observable/unobservable input	
Rand Refinery operations		
Average gold price	Observable input	R852,098/kg
Average silver price	Observable input	R9,453/kg
Average South African CPI	Observable input	4.8%
Terminal growth rate	Unobservable input	5.0%
Weighted average cost of capital	Unobservable input	15.1%
Investment in Prestige Bullion		
Discount period	Unobservable input	13 years
Cost of equity	Unobservable input	13.2%

Marketability and minority discounts (both unobservable inputs) were also applied of 16.5% and 17.0% respectively. The latest budgeted cash flow forecasts provided by Rand Refinery as at 30 June 2020 was used, and therefore classified as an unobservable input into the models.

Sensitivity analysis

The fair value measurement is most sensitive to the Rand denominated gold price and volumes. The higher the gold price and volumes, the higher the fair value of the investment in Rand Refinery. The below table indicates the extent of sensitivity of the fair value to the inputs:

		Input		% change in OCI, net of tax	
Amounts in R million		**Increase**	**Decrease**	**Increase**	**Decrease**
Rand Refinery operations					
Rand US Dollar exchange rate	Observable inputs	1%	(1%)	2.1%	(2.2%)
Commodity prices (Gold and silver)	Observable inputs	1%	(1%)	1.7%	(1.8%)
Volumes	Unobservable inputs	1%	(1%)	2.0%	(2.0%)
Weighted average cost of capital	Unobservable inputs	1%	(1%)	(1.7%)	2.0%
Minority discount	Unobservable inputs	1%	(1%)	(1.2%)	1.2%
Marketability discount	Unobservable inputs	1%	(1%)	(1.2%)	1.2%
Investment in Prestige Bullion					
Cost of equity	Unobservable inputs	1%	(1%)	(1.3%)	1.4%
Prestige Bullion dividend forecast	Unobservable inputs	1%	(1%)	0.4%	(0.4%)

Impact of the COVID 19 pandemic

The COVID-19 pandemic had an impact on the gold market and the operations of Rand Refinery as a result of the South African national lockdown. The first year budget cash flows have been adjusted based on relevant information available at 30 June 2020, regarding the estimated impact going forward and on the assumption that operations will normalise by November 2020.

19 CONTINGENCIES

SIGNIFICANT ACCOUNTING JUDGEMENTS

The assessment of whether an obligating event results in a liability or a contingent liability require the exercise of significant judgement of the outcome of future events that are not wholly within the control of the Company.

Litigation and other judicial proceedings inherently entail complex legal issues that are subject to uncertainties and complexities and are subject to interpretation.

ACCOUNTING POLICIES

Contingent liabilities
A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.

When the Company has a present obligation, an outflow of economic resources is assessed as probable and the Company can reliably measure the obligation, a provision is recognised.

Contingent liability for occupational Lung Diseases
On 3 May 2018, former mineworkers and dependents of deceased mineworkers ("**Applicants**") and Anglo American South Africa Limited, AngloGold Ashanti Limited, Sibanye Gold Limited trading as Sibanye-Stillwater, Harmony Gold Mining Company Limited, Gold Fields Limited, African Rainbow Minerals Limited and certain of their affiliates ("**Settling Companies**") settled the class certification application in which the Applicants in each sought to certify class actions against gold mining houses cited therein on behalf of mineworkers who had worked for any of the particular respondents and who suffer from any occupational lung disease, including silicosis or tuberculosis.

The DRDGOLD Respondents, comprising DRDGOLD Limited and East Rand Proprietary Mines Limited, are not a party to the settlement between the Applicants and Settling Companies. The settlement agreement is not binding on the DRDGOLD Respondents. The dispute, insofar as the class certification application and appeal thereof is concerned, still stands and has not terminated in light of the settlement agreement.

DRDGOLD maintains the view that it is too early to consider settlement of the matter, mainly for the following reasons:
- the Applicants have as yet not issued and served a summons (claim) in the matter;
- there is no indication of the number of potential claimants that may join the class action against the DRDGOLD Respondents;
- many principles upon which legal responsibility is founded, are required to be substantially developed by the trial court (and possibly subsequent courts of appeal) to establish liability on the bases alleged by the applicants.

In light of the above there is inadequate information to determine if a sufficient legal and factual basis exists to establish liability, and to quantify such potential liability.

20 FINANCIAL INSTRUMENTS

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset shall be measured at amortised cost if both the following conditions are met:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise of specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An investment if measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- It is held with a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FINANCIAL RISK MANAGEMENT FRAMEWORK

Overview
The Company has exposure to credit risk, liquidity risks, as well as other market risks from its use of financial instruments. This note presents information about the Company's exposure to each of the above risks, the Company's objectives and policies and processes for measuring and managing risk. The Company's management of capital is disclosed in note 16. This note must be read with the quantitative disclosures included throughout these financial statements.

The board of directors of the company ("**Board**") has overall responsibility for the establishment and oversight of the DRDGOLD Group's risk management framework including that of the Company, hereafter referred to as the Company's risk management framework, policies and procedures and activities, as the case may be. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit and Risk Committee is assisted in its oversight role by the internal audit function. The internal audit function undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

CREDIT RISK
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and subsidiaries.

The Company's financial instruments do not represent a concentration of credit risk due to the exposure to credit risk being managed as disclosed in the following notes:
NOTE 8 NET INVESTMENTS IN SUBSIDIARIES
NOTE 9 CASH AND CASH EQUIVALENTS
NOTE 11 TRADE AND OTHER RECEIVABLES

LIQUIDITY RISK
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Additional disclosures are included in the following notes:
NOTE 8 NET INVESTMENTS IN SUBSIDIARIES
NOTE 12 TRADE AND OTHER PAYABLES
NOTE 13 CURRENT AMOUNTS PAYABLE TO GROUP COMPANIES
NOTE 16 CAPITAL MANAGEMENT

20 FINANCIAL INSTRUMENTS *continued*

MARKET RISK
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect profit or loss or the value of the Company's financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Other market risk
Additional disclosures are included in the following note:
NOTE 18 OTHER INVESTMENTS

Interest rate risk
Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Company receives cash from its operations and is obliged to fund working capital and capital expenditure requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. Lower interest rates result in lower returns on investments and deposits and also may have the effect of making it less expensive to borrow funds at then current rates. Conversely, higher interest rates result in higher interest payments on loans and overdrafts.

Additional disclosures are included in the following notes:
NOTE 8 NET INVESTMENTS IN SUBSIDIARIES
NOTE 9 CASH AND CASH EQUIVALENTS
NOTE 13 CURRENT AMOUNTS PAYABLE TO GROUP COMPANIES

Foreign currency risk
The Company enters into transactions denominated in foreign currencies, such as gold sales denominated in US dollar, in the ordinary course of business. This exposes the Company to fluctuations in foreign currency exchange rates.

Additional disclosures are included in the following notes:
NOTE 9 CASH AND CASH EQUIVALENTS

21 RELATED PARTIES

Disclosures are included in the following notes:
NOTE 8 NET INVESTMENTS IN SUBSIDIARIES
NOTE 11 TRADE AND OTHER RECEIVABLES
NOTE 13 CURRENT AMOUNTS PAYABLE TO GROUP COMPANIES
NOTE 15.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL
NOTE 17 EQUITY

22 SUBSEQUENT EVENTS

There were no significant subsequent events between the year-end reporting date of 30 June 2020 and the date of issue of these financial statements other than described below and included in the preceding notes to the Company financial statements.

Declaration of dividend

On 1 September 2020, the Board declared a final dividend for the year ended 30 June 2020 of 35 SA cents per share, which was paid on 28 September 2020.

Amendment of RCF

On 14 September 2020, DRDGOLD amended and extended its RCF. Refer note 16 CAPITAL MANAGEMENT for details of the amendment.

SHAREHOLDER INFORMATION
at 30 June 2020

	Number of Holders	% of total shareholders	Number of shares	% of total issued share capital
1) Analysis of shareholders				
1 - 5 000	6,965	87.98%	3,482,024	0.40%
5 001 - 10 000	290	3.66%	2,260,186	0.26%
10 001 - 50 000	394	4.98%	9,389,738	1.09%
50 001 - 100 000	92	1.16%	6,821,917	0.79%
100 001 - 1 000 000	137	1.73%	43,212,703	5.00%
1 000 001 - AND MORE	39	0.49%	799,422,143	92.46%
	7,917	100.00%	864,588,711	100.00%

2) Major shareholders *
(1% and more of shares in issue)

	Number of shares	% of total issued share capital
SIBANYE GOLD LIMITED trading as Sibanye-Stillwater	433,158,944	50.10%
THE BANK OF NEW YORK MELLON DR#	184,530,856	21.34%
Clearstream Banking S.A. Luxembourg	28,692,075	3.32%
BBH LUX FAST EMERGING MARKETS FUND#	15,055,550	1.74%
STANDARD BANK GROUP RETIREMENT FUND	12,645,761	1.46%
BBH AND LUX FIDELITY FUNDS - EMERGI	10,581,533	1.22%
FRB ITF NINETY ONE VALUE FUND	10,558,672	1.22%
DRDSA EMPOWERMENT TRUST	10,500,000	1.21%
JPMC-VANGUARD BBH LENDING ACCOUNT	10,352,213	1.20%
CLEARSTREAM BANKING S.A LUXEMBOURG	9,692,790	1.12%
ERGO MINING OPERATIONS (PTY) LIMITE	9,474,920	1.10%

* 209,154,770 ordinary shares (equivalent to 20,915,477 American Depository Receipts ("**ADR**s")) or approximately 30.0% of our issued ordinary shares were held by 683 registered holders of our ADRs in the United States of America.

Held in ADRs in the United States of America

	Number of Holders	% of total shareholders	Number of shares	% of total issued share capital
3) Shareholder spread				
Non-public	5	0.06%	443,534,119	51.30%
Sibanye-Stillwater	1	0.01%	433,158,944	50.10%
Directors	3	0.04%	900,255	0.10%
Subsidiary	1	0.01%	9,474,920	1.10%
Public	7,912	99.94%	421,054,592	48.70%
	7,917	100.00%	864,588,711	100.00%
4) Distribution of shareholders				
Individuals	7,059	89.16%	27,847,266	3.22%
Institutions and bodies corporate	858	10.84%	836,741,445	96.78%
	7,917	100.00%	864,588,711	100.00%

DRDGOLD LIMITED

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